Chaitanya

Chaitanya India Fin Credit Private Limited

Annual Report 2020-21

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Message from Managing Director and CEO

Dear Shareholders,

I am very happy to share my message for the second year after Chaitanya became part of the Navi Group. The financial year 2020-21 was a year of unprecedented challenges with the Covid-19 pandemic testing the limits of human resilience. For Chaitanya, it was a year to stand firm with our customers, our employees, and our investors. Ensuring the availability of credit to our borrowers when the economy came to a standstill was an important priority for the company. I am pleased to note that we succeeded in this endeavor of ours. Not only did we ensure the availability of timely credit, but we also extended the credit at affordable rates due to our operational efficiency and lower borrowing costs.

We started Navi with a mission to make financial services simple, accessible, and affordable. In the financial year 2020-21, we took steps to make micro-lending simpler for our customers by making digital payment options available to them and by making operational changes to the lending process keeping the customer experience in mind. Further, due to operational efficiencies, industry-best talent, and well capitalization of the Company, we achieved back-to-back rating upgrades in a tough pandemic year. The company was assigned a rating of A (Stable) from India Ratings in May 2021 and CRISIL Ratings reaffirmed the rating of A- (Stable) in June 2021. It is pertinent to note that since Chaitanya became part of the Navi Group, the Company's credit rating has improved by 4 notches and the Company has been able to bring down borrowing costs by 400 basis points. As a result, we could bring down the company's borrowing rate by 100 basis points, and the same was passed on to our customers, thereby further accelerating our mission to make credit affordable.

In line with our mission to make credit accessible, the Company took steps to proactively resume disbursals post the nationwide lockdown. We expanded our footprint to three additional states during the financial year, and a clear path for geographic expansion has been laid for the year ahead. We continue to heavily invest in technology to ensure we are ready for scale. We firmly believe these investments will help us offer superior customer service without any disruptions and a strong focus on controls and risk. Despite the unprecedented challenges, our financial performance in FY 2020-21 has been commendable. Our loan book grew by a healthy 58% year on year. Our PAT grew by 4 times, from INR 5.1 Cr. to 20.6 Cr.

"As the economy emerges from the Covid-19 pandemic, I am pleased to note that we have only grown stronger, resilient, and are ready to fulfill our mission."

Sachin Bansal
MD & CEO

Message from Joint Managing Director

Dear Shareholders,

Financial year 20-21 was an outstanding year for the company. The entire team rallied behind the mission of the company which is improving the lives of low-income families-when our customers needed us the most in a pandemic year. We prioritized meeting the credit needs of our existing customers before acquiring new customers. We made changes in our processes to meet our customers' multiple credits needs at different times of the year. We ensured that we are agile to meet our customers' urgent requirements. We also dropped our interest rates during the year to one of the lowest interest rates in the industry.

The entire team did an outstanding job in a difficult year. All staff were back at work as soon as lockdowns were lifted. All field staff were on the ground serving customers in spite of apprehensions of covid. We quickly moved to provide customers with a digital collection option. Our collections bounced back much earlier than expected due to our proactiveness of meeting customers early and starting disbursals early. We improved our operations efficiency through cost cutting exercises and productivity improvements during the year. The second COVID wave tested our team even more. The entire team was on the ground focussed on serving our customers in spite of many employees facing personal challenges.

The actions we took were reflected in our performance. Our loan book grew to INR 1388 Cr., a 58 percent growth rate. We grew our customer base by a healthy 20 percent although our primary focus was serving our existing customers. Our profit after tax grew by four times to 20 Cr. Our collection efficiencies were among the best in the industry and have also provided provisions on a conservative basis.

In the financial year, 2021 we started making technology investments required for our rapid growth in the coming years. Technology investments will help us in three areas, serve our customers better: faster with more flexibility; improve our internal controls and improve our productivity. The benefits of the investments we have made should start flowing from next year. We are also rapidly expanding geographically with the presence of the company going up from five in FY 19-20 to seven in FY20-21 to 10 in FY 22.

“I sincerely thank the entire Chaitanya team for their extraordinary efforts during this period. The company has emerged much stronger after two COVID waves and we continue to focus on our growth in the coming years.”

Mr. Anand Rao
Joint Managing Director

About Chaitanya

The origin of Chaitanya was as a non-governmental organization (NGO) working for rural development in a few villages of Chitradurga district of Karnataka since 2004. Chaitanya, the NGO in its initial years, worked in and around Nayakanahatti village in Chitradurga district. The NGO worked in the area of children's education, energy efficiency and livelihood support for self-help groups.

In 2007, microfinance lending activities was started in Jagalur taluk, Chitradurga. In 2009, the founders of Chaitanya applied for a fresh NBFC license and commenced microcredit operations in September 2009. From then on, Chaitanya's focus has been entirely in lending.

Since inception, the Company's geographical focus was in deep rural locations, with an aim to reach most villages from a branch location in a radius of 25 km. Together with this, the focus has always been one of double bottom line, providing financial services and at the same time, ensuring sustainable shareholder returns.

Being rural focussed, the company has primarily employed rural youth for its field operations. The goal has always been to bring in professional management to a rural enterprise. With this has come the emphasis of values in the company, which are discipline, fairness, meritocracy, respect for customers and employees, continuous learning and transparency. Emphasis of these core values has built a well-trained employee base with a strong culture in the past 10 years.

With a belief of providing an entire gamut of loans to low-income households, very early in its history, Chaitanya also ventured into providing vehicle loans, housing loans and small business loans. To ensure regulatory compliance, the no group lending (non JLG) activities was being done through another NBFC, Navi Finserv Private Limited (formerly known as Chaitanya Rural Intermediation Development Services (CRIDS)) which was incorporated in 2012. In this model, from a Chaitanya branch location both JLG loans and individual loans were being offered to rural customers.

In September 2019, Chaitanya became part of the Navi Group through a majority acquisition by Navi Technologies. Post becoming part of Navi group, Chaitanya will continue to be focussed on rural lending activities, with a renewed focus on JLG lending in the immediate future. The company plans to be a pan India rural microfinance institution in the near future.

Chaitanya's growth story progressed with the expansion in three states in the FY 20-21 and we are dynamically moving towards the vision of becoming a pan India rural microfinance institution. In the near future Chaitanya is prepared to evolve technologically with the aim to provide the best financial services to our customers.

Our Values

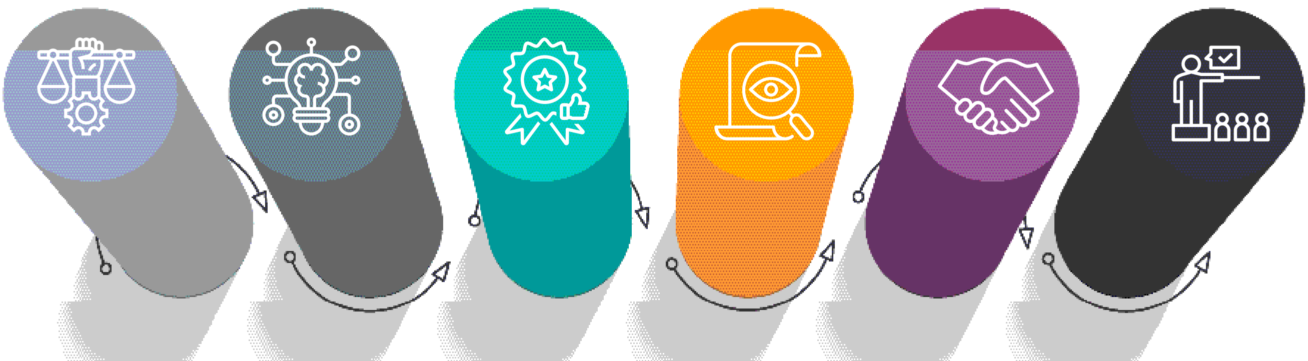
Mission

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

Vision

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

Core Values



FAIRNESS

We will always be fair in our dealings with all our stakeholders, our customers, our employees and regulatory authorities.

LEARNING

We will always encourage our employees to continuously learn.

MERITOCRACY

The growth of our employees in the organization will be based on merit, on the basis of their individual ability and achievement.

TRANSPARENCY

Our business and financial activities are done in as open way without secrets, so that our customers can trust that we are fair and honest.

RESPECT

We will always respect our customers and our employees in all our dealings with them.

DISCIPLINE

The employees of Chaitanya will first be trained to be disciplined before we demand discipline from our customers.

Company Information

Chief Financial Officer

Srinivasan C V

Company Secretary

Anup Kumar Gupta

Registrar and Share Transfer Agent

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

Secretarial Auditor

S.C. Sharada & Associates

Statutory Auditor

Walker Chandiok & Co LLP

Debenture Trustee

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

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

List of Lenders

Develeopment Finance Institutions
MEI
NABARD
SIDBI
Unifi Capital
CDC Group

PSU Banks

SBI
Bank of Baroda
Bank of India
Punjab National Bank

Private Sector Banks

IDFC First Bank
Bandhan Bank
Axis Bank
AU SFB
HDFC Bank
ICICI Bank
Kotak Mahindra Bank
IndusInd Bank
Catholic Syrian Bank
Federal Bank
RBL Bank

MNC Banks

Standard Chartered
State Bank of Mauritius

NBFCs

A K Capital
IFMR Fimpact Fund
Navi Finserv
MAS Financials
UC Inclusive
NABKISAN
Hero FinCorp
Nabsamruddhi
Bajaj Finserv

Insurance Partners

Kotak
HDFC
ICICI
IFFCO Tokio

Board and Committees

Board of Directors

Name of Director	Designation
Sachin Bansal	Managing Director & Chief Executive Officer
Anand Rao	Joint Managing Director
Ankit Agarwal	Director & Deputy Chief Executive Officer
Samit Shankar Shetty	Nominee Director
Usha A Narayanan	Independent Director
Sridharan Ranganathan	Independent Director

Committees of Board

Name of the Committee	Composition	Category
Audit Committee	Ms. Usha A Narayanan	Chairperson
	Mr. Ranganathan Sridharan	Member
	Mr. Samit Shankar Shetty	Member
Risk Management Committee	Mr. Ranganathan Sridharan	Chairman
	Mr. Ankit Agarwal	Member
	Mr. Anand Rao	Member
Nomination and Remuneration Committee	Ms. Usha A Narayanan	Chairperson
	Mr. Ranganathan Sridharan	Member
	Mr. Samit Shankar Shetty	Member
Asset & Liability Management Committee	Mr. Anand Rao	Chairman
	Mr. Ankit Agarwal	Member
	Mr. Abhik Sarkar	Member
Information Technology Strategy Committee	Mr. Ranganathan Sridharan	Chairman
	Mr. Sachin Bansal	Member
	Mr. Anand Rao	Member
	Mr. Linjin T	Member
Corporate Social Responsibility Committee	Mr. Ranaganathan Sridharan	Chairman
	Ms. Usha Narayanan	Member
	Mr. Anand Rao	Member
Finance Committee	Mr. Anand Rao	Member
	Mr. Ankit Agarwal	Member

Our Products

Loan Products

Chaitanya's loan products, since inception, are designed with a broader scope in mind to cater for the larger sections of the rural population. Accordingly, product features are defined to accommodate customer needs with respect to purpose, tenor, ticket size and the point-in-time such working capital is needed.

Chaitanya's philosophy is to give loans based on customer needs and not any targeted purposes. An analysis of the portfolio shows predominantly loans have been sought by customers for income generation purposes at ~ 85% and the balance for purposes of life improvement. A broad category-wise distribution of portfolio is given below:

Loan Purpose based split for Mar-20 and Mar-21:

Category	March-21	March-20
Income Generation Loans	92%	79%
Agri & Allied	49%	36%
Trade & Manufacturing	18%	18%
Livestock & Poultry	16%	11%
Consumption expenses	8%	21%
Dairy	7%	11%
Services & Small Business	2%	3%

CSR Activities

Directors' Report

Dear Members,

It is our immense pleasure to present the Twelfth Director's Report along with the Audited Financial Statements of your Company for the Financial Year ended March 31, 2021.

Financial Summary and Highlights

The Financial Statements of the Company for the year ended March 31, 2021 have been prepared in accordance with Indian Accounting Standards notified under Section 133 and Schedule III to the Companies Act 2013.

Particulars	FY21 (In lakhs)	FY20 (In lakhs)	% Change over FY20
Total income	23,374.12	17,517.43	33%
Finance cost	7,668.54	7,052.62	9%
Net income	**15,705.58**	**10,464.81**	**50%**
Operating expenses	7,960.94	7,733.98	3%
Pre provision operating profit	**7,744.64**	**2,730.83**	**184%**
Impairment of financial instruments	5,228.60	2,017.50	159%
Profit before tax	**2,516.04**	**713.33**	**253%**
Profit after tax	**2,062.53**	**506.85**	**307%**
Other comprehensive income	223.63	(52.26)	528%
Total comprehensive income	**2,286.16**	**454.59**	**403%**

During the financial year the Company's revenue grew by 33% to INR. 23,374.12 lakhs (previous year INR. 17,517.43 lakhs) and the net income grew by 50% to INR. 15,705.58 lakhs (previous year INR. 10,464.81 lakhs). The total operating expenses grew by 3% to INR. 7,960.94 lakhs (previous year INR. 7,733.98 lakhs). Profit before tax grew by 253% to INR. 2,516.04 lakhs (previous year INR 713.33 lakhs), Profit after tax grew by 307% to INR 2,062.53 lakhs (previous year INR. 506.85 lakhs). Total comprehensive income grew by 403% to INR. 2,286.16 lakhs (previous year INR. 454.59 lakhs). During the year the Company provided an impairment allowance of INR. 5,228.60 lakhs (previous year INR. 2,017.50 lakhs) which includes potential loss estimations of INR. 1,522.80 lakhs on account of 2nd wave of pandemic COVID-19.

Key Operational Highlights

Particulars	FY21	FY20
Branches	275	235
Districts	68	56
States	7	5
Borrowers	5,14,580	4,27,339
JLG Loans disbursed (Rs. in lakhs)	1,28,840	1,16,339
Total assets under management (INR. in lakhs)	1,39,633	88,098

During the year, the number of branches grew by 17% to 275 (previous year 235). Number of borrowers grew by 20% to 5.15 lakhs (previous year 4.27 lakhs). Loan disbursal grew by 11% INR 1,28,840 lakhs (previous year INR 1,16,339 lakhs). Total assets under management grew by 58% to INR 1,39,633 lakhs (previous year INR 88,098 lakhs)

Transfer to Reserves

During the year under review, the Company transferred 20% of its profits for the year amounting to INR 457.23 lakhs to reserves created as per the norms laid down under Section 45-IC of the Reserve Bank of India Act, 1934.

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

Dividends

In order to augment capital as required for supporting the growth of the Company through retention of internal accruals, the Board of Directors has not recommended any dividend on Equity shares for the Financial Year 2020-21.

Details of Deposits

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

RBI Regulations

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

Capital Adequacy

As on March 31, 2021, the Capital to Risk Assets Ratio (CRAR) was at 26.39 % which was above the minimum requirements of 15% CRAR prescribed by the Reserve Bank of India. Out of above, Tier I capital adequacy ratio was at 24.46 % and Tier II capital adequacy ratio was at 1.92%.

Disclosures Relating to Subsidiaries, Associates and Joint Ventures

The Company has no subsidiary, associate, joint venture during the financial year under review in terms of the Companies Act, 2013 (“Act”). Further, the Company continues to remain a wholly owned subsidiary of Navi Finserv Private Limited (formerly known as Chaitanya Rural Intermediation Development Services Pvt. Ltd.).

Major Events that Occurred During the Year

State of Company’s Affairs

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

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

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

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

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

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

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

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

Change in Nature of Business

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

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:

Consequent to the outbreak of the COVID-19 pandemic, its impact, including changes in customer behaviour and pandemic fears, as well as restriction of business and individual activities, had led to significant volatility in global and Indian financial markets and a significant decrease in global and local economic activities. The Company’s capital and liquidity position remains sufficient and would continue to be the focus area for the Company. Accordingly, the Company does not expect a stress on its liquidity situation in the immediate future. The Company further has also made additional provisions of Rs. 15.30 Crores.

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

Details of Revision of Financial Statement or the Report

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

Share Capital

Authorised Share Capital : During the year, the Company has increased its Authorised Share Capital from INR 93,00,00,000 (Rupees Ninety Three Crore) divided into 7,50,00,000 (Seven Crore Fifty Lakh) Equity Shares of INR 10/- each and 1,80,00,000 (One Crore Eighty Lakh) Preference Shares of face value of INR 10/- each to INR 121,50,00,000 (Rupees One Hundred Twenty One Crore Fifty Lakhs) divided into 10,35,00,000 (Ten Crore Thirty Five Lakh) Equity Shares of INR 10 each and 1,80,00,000 (One Crore Eighty Lakh) Preference Shares of face value of INR 10/- each in its Extra Ordinary general Meeting held on May 05, 2020.

Issued, Subscribed, Paid-up Share Capital: During the year ended 31 March 2021, the Company has allotted 28,500,000 equity shares of ₹ 10 each at an issue price of ₹ 40 per share including a premium of ₹ 30 per share on conversion of 11,400 Compulsory Convertible Debenture of face value of ₹ 100,000 each fully paid-up to Navi Finserv Private Limited (Formerly known as Chaitanya Rural Intermediation Development Services Private Limited).

Details of Employee Stock Options

The Company has not implemented any Employee Stock Option Scheme during the year; however, the employees have been granted ESOPs from the Ultimate Holding Company – Navi Technologies Private Limited.

Issue of Non-Convertible Debentures on Private Placement.

During the year under review, your Company issued Secured/ Unsecured Redeemable Non-Convertible Debentures including Secured Redeemable Principal Protected Non-Convertible Market Linked Debentures ("NCDs") and raised an amount aggregating to Rs. 25100.00 lakh on a private placement basis, in various tranches.

The Company has been regular in making payments of principal and interest on all the NCDs issued by the Company on a private placement basis and there are no NCDs which have not been claimed by investors or not paid by the Company after the date on which the NCDs became due for redemption.

Credit Rating

The credit rating details of the Company as on March 31, 2021 were as follows:

Rating Agency	Type of Instruments	Credit Rating
ICRA Ratings Limited	Bank facilities, Long-term Debt Instruments and Subordinated Debt	ICRA A- Stable
	Market Linked Debenture and Commercial Paper Programme	ICRA- PP-MLD A- Stable ICRA A1
CRISIL Ratings Limited	Bank facilities and Long-term Debt Instruments	CRISIL A- Stable

Comprehensive Microfinance Grading assigned to the Company by SMERA as on March 31, 2021 is M1C1.

Management Discussion and Analysis Report

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

Code of Conduct, Transparency & Client Protection

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

Directors and Key Managerial Personnel

Directors:

Resignations:

During the year, Directors, Mr. K Subramanyam Ravi, Mr. Rachamadugu Nandakumar and Ms. Riya Bhattacharya resigned from their posts before the expiry of their respective tenures.

The Board appreciates their valuable contribution and services provided to the Company during the period of their association.

Appointments:

During the year under review, Ms. Usha A Narayanan and Mr. Ranganathan Sridharan were appointed on the Board of the Company as Independent Directors with effect from July 06, 2020 & August 18, 2020 respectively, for a tenure of five years each.

Pursuant to the 'Fit and Proper' Policy adopted by the Company under the RBI Master Directions for NBFCs, the Company has received the 'Fit and Proper' declarations from Ms. Usha A Narayanan and Mr. Ranganathan Sridharan for their appointment, as Directors of the Company.

In terms of Section 150 of the Companies Act, 2013, read with the Companies (Appointment & Qualification of Directors) Rules, 2014, the Independent Directors of the Company have registered themselves with the data bank of Independent Directors created and maintained by the Indian Institute of Corporate Affairs, Manesar ("IICA") and are exempted from the requirement to undergo the online proficiency self- assessment test conducted by IICA.

It is confirmed that they do not have any material pecuniary relationship with the Company, its promoters or its management, which may affect the independence of their judgement.

The Board is of the opinion that the Independent Directors of the Company possess requisite qualifications, experience and expertise which shall be very valuable for the Company and that they hold highest standards of integrity.

Key Managerial Personnel:

Resignations:

Ms. Dimple Shah ceased to be the Company Secretary and Key Managerial Personnel (KMP) of the Company with effect from end of the day of February 4, 2021.The Board recorded its appreciation for her services to the Company.

Appointments:

Based on the recommendation of the Nomination and Remuneration Committee of the Company, the Board at its meeting held on February 4, 2021, approved the appointment of Mr. Anup Kumar Gupta as Company Secretary and KMP of the Company with effect from February 5, 2021.

Declaration by Independent Directors

Pursuant to the provisions of Section of 149 of the Act, the Independent Directors have submitted declarations that each of them meets the criteria of independence as provided in Section 149(6) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Qualification of Directors), Rules 2014. During the year 2020-21, there has been no change in the circumstances affecting their status as Independent Directors of the Company.

Separate Meeting of Independent Directors

Pursuant to Clause VII (1) of Schedule IV of the Act, the Independent Directors had a separate meeting on March 6, 2021.

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

Meetings of Board of Directors

During Financial Year 2020-21, the Board of Directors met Ten (10) times on following Dates and the details of attendance is also given below:

SL No.	Date of Board Meeting	No. of Directors Present
1	May 02, 2020	06
2	May 12, 2020	07
3	June 05,2020	07
4	June 08, 2020	07
5	June 29, 2020	07
6	July 01, 2020	06
7	August 14, 2020	07
8	November 12, 2020	06
9	February 04, 2021	06
10	March 17, 2021	05

Board Committees and their Meetings

The following are the Committees of the Board reconstituted during the Financial Year 2020-21:

Sr. No	Name of the Committee	Description	Composition	Meetings held
1)	Audit Committee	Constituted as per the Section 177 of the Companies Act, 2013 and the Chairperson of the Audit Committee is an Independent Director.	Mr. K S Ravi, Chairman Mr. R Nandakumar	1) April 18, 2020 2) June 27, 2020 3) August 04, 2020
			Ms. Usha A Narayanan, Chairperson Mr. Ranganathan Sridharan Mr. Samit Shankar Shetty	4) November 12, 2020 5) January 25, 2021
2)	Risk Management Committee	Constituted pursuant to the NBFC Regulations.	Mr. R Nandakumar, Chairman Mr. K S Ravi Mr. Samit Shankar Shetty	1) May 29, 2020 2) August 04, 2020
			Mr. Ranganathan Sridharan, Chairman Mr. Ankit Agarwal Mr. Anand Rao	3) October 29, 2020 4) January 25,2021
3)	Nomination and Remuneration Committee	Constituted as per the Section 178 of the Companies Act, 2013 and the Chairperson of the Committee is an Independent Director.	Mr. K S Ravi, Chairman Mr. R Nandakumar Mr. Samit Shankar Shetty	1) June 27, 2020 2) August 04, 2020
			Ms. Usha A Narayanan, Chairperson Mr. Ranganathan Sridharan Mr. Samit Shankar Shetty	3) November 11, 2020
4)	Asset & liability Committee	Constituted pursuant to the NBFC Regulations.	Mr. Anand Rao, Chairman Mr. K S Ravi Mr. Abhik Sarkar	1) August 04, 2020
			Mr. Anand Rao, Chairman Mr. Ankit Agarwal Mr. Abhik Sarkar	2) October 29, 2020 3) January 25, 2021

Sr. No	Name of the Committee	Description	Composition	Meetings held
5)	Information Technology Strategy Committee	Constituted pursuant to the NBFC Regulations.	Mr. R Nandakumar, Chairman Mr. Samit Shankar Shetty Mr. Abhik Sarkar	1) August 04, 2020
			Mr. Ranganathan Sridharan, Chairman Mr. Sachin Bansal Mr. Anand Rao Mr. Linjin T	2) February 04, 2021
6)	Corporate Social Responsibility Committee	Constituted as per the provisions of Section 135 of the Companies Act, 2013.	Mr. K S Ravi, Chairman Mr. R Nandakumar Mr. Anand Rao	
			Mr. Ranganathan Sridharan, Chairman Ms. Usha A Narayanan Mr. Anand Rao	1) January 25, 2021
7)	Finance Committee	Constituted a Finance Committee in order to look over the matters of borrowings of the Company. The Board has delegated to this Committee its authority to borrow funds as the Company requires funds on frequent basis.	Mr. Anand Rao Mr. Ankit Agarwal	During the year under review 30 meetings of the Finance Committee were held.

Performance Evaluation of Board, Committees and Directors

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

Particulars of Employees and Remuneration of Non-Executive Directors

The Company had 2462 employees (on a standalone basis) as on 31st March, 2021. Details of remuneration as required to be provided pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 have been annexed herewith as Annexure- I.

During the FY 2020-21, sitting fees were revised from Rs. 75,000.00 per meeting to Rs. 1,00,000.00 per meeting for the Board/Committee Meetings with effect from September 21, 2020.

Directors' Responsibility Statement

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

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

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

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

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

e. The Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.

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

Adequacy of Internal Financial Controls with Reference to Financial Statement

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

Reporting of Frauds by Auditors

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

Particulars of Loans, Guarantees and Investments

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

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

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

Further, Section 134 of the Act stipulates that the Board's Report is required to include a statement on Company's Policy on Directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of director and remuneration for KMPs and other employees.

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

Brief framework of the Policy:

The objectives of this Policy are as follows:

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

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

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

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

Company's Policy on Corporate Social Responsibility

During the year under review, the Board, based on the recommendation of the CSR Committee, amended the CSR Policy to align the same in accordance with the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 and Section 135 of the Companies Act, 2013, as amended, effective from February 4, 2021.The composition of CSR Committee is given in the CSR's Annual Report and is enclosed as Annexure III and forms part of this Report.

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

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

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

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

b) Foreign Exchange Earnings and Outgo

Particulars	As on 31.03.2021 (In INR)	As on 31.03.2020 (In INR)
Foreign Exchange inflow	Nil	Nil
Foreign Exchange Outflow	Nil	Nil

Risk Management Policy

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

Vigil Mechanism

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

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

Statutory Auditors

The Company had appointed Walker Chandiok & Co LLP, Chartered Accountants (ICAI FRN001076N/N500013), Mumbai as Statutory Auditors of the Company for a period of five years from the conclusion of Tenth Annual General Meeting held on August 21, 2019 till conclusion of Fifteenth Annual General Meeting.

The Directors confirm that there are no disqualifications, reservations, adverse remarks or disclaimers in the Independent Auditor's report issued by Statutory Auditors for the FY 2020-21.

Reserve Bank of India (RBI) on April 27, 2021 prescribed the Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs). In the light of the aforesaid guidelines, M/S Walker Chandiok & Co LLP have conveyed their ineligibility to conduct Statutory Audit of the Company. Therefore, the Board of Directors in its Meeting dated August 12, 2021 has appointed M/S Varma and Varma Chartered Accountants, to fill in the casual vacancy to the office of Statutory Auditors.

The Company has received the eligibility certificate under the RBI Guidelines.

Further, the Board has recommended their appointment as the Statutory Auditors to the members of the Company. The details of the same are available in the Notice to the Twelfth Annual General Meeting of the Company that forms a part of this Annual Report.

Secretarial Audit Report

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board had appointed M/s. S.C Sharada & Associates, Practicing Company Secretary Firm as Secretarial Auditor of the Company for Financial Year 2021-22 to undertake the Secretarial Audit. The Report of the Secretarial Auditor for the year ended March 31, 2021 is annexed to the Directors' Report as Annexure - IV.

There are no disqualifications, reservations, adverse remarks or disclaimers in the Secretarial Audit Report issued by Secretarial Auditors for the FY 2020-21.

Particulars of Contracts or Arrangements with Related Parties

During the financial year 2020-21, there is no material significant related party transaction with the Company's Promoters, Directors, Key Managerial Personnel or other designated person which may have potential conflict with the interest of the Company at large.

All the related party transactions were entered on arm's length basis and are in compliance with the applicable provisions of the Act.

In compliance with section 188(1) of the Companies Act, 2013, AOC-2 enclosed as Annexure- II. Further, details of Related Party Transactions as required to be disclosed as per Indian Accounting Standard 24 "Related Party Disclosures" specified under section 133 of the Companies Act, 2013 are given in the Notes to the Financial Statements.

Directors draw attention of the members to Note 39 to the Standalone Financial Statement which sets out related party disclosures.

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

Compliance with Secretarial Standards

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

Annual Return

Pursuant to Section 134(3)(a) and Section 92(3) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, the Annual Return as on 31st March, 2021 in Form No. MGT-7, is available on the Company's website and can be accessed at the weblink: https://www.chaitanyaindia.in/investor-relations

Maintenance of Cost Records

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

Material Orders of Judicial Bodies/Regulators

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

Listing on Stock Exchange

The non-convertible debentures are listed on the wholesale debt market (WDM) of BSE Limited.

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

The Company has adopted a Policy on Prevention, Prohibition and Redressal of Sexual Harassment at the workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

(POSH Act) and the rules made thereunder. The Policy aims to promote a healthy work environment and to provide protection to employees at the workplace and redress complaints of sexual harassment and related matters thereto. The Company has also constituted an Internal Complaints Committee to enquire into complaints of sexual harassment and recommend appropriate action.

Pursuant to the POSH Act and Rules framed thereunder during the calendar year 2020, there were no complaints received by the Company. Further following is the summary of complaints received and disposed-off, after December 31, 2020:

a) Number of complaint(s) received: 2

b) Number of complaint(s) disposed-off: 2

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

d) Number of workshops/awareness programmes against sexual harassment carried out: 2

Acknowledgment

Your directors take this opportunity to offer their sincere thanks to the Bankers & Investors for the unstinted support and assistance received from them during the year. The Directors would also like to place on record their appreciation of the dedicated efforts put in by the employees of the Company.

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

Sachin Bansal	**Anand Rao**
Managing Director	Joint Managing Director
DIN: 02356346	DIN: 01713987
Date: August 12, 2021	Date: August 12, 2021
Place: Bangalore	Place: Bangalore

General Shareholder Information

Company Registration Details

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

Annual Report

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

Debt Securities Listing

The Bombay Stock Exchange

Payment of Listing Fees & Depository Fees

Annual Listing fee for the year 2021-22 was paid on April 23, 2021 to the Bombay Stock Exchange (BSE).

SEBI Complaints Redress System (Scores)

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

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

Sachin Bansal
Managing Director
DIN: 02356346
Date: August 12, 2021
Place: Bangalore

Anand Rao
Joint Managing Director
DIN: 01713987
Date: August 12, 2021
Place: Bangalore

ANNEXURE I

Statement of Disclosure of Remuneration under Rule 5(1) of Companies Appointment and Remuneration of Managerial Personnel) Rules, 2014

1. Executive Directors

Designation	% Increase/Decrease of remuneration in 2021 as compared to 2020	Ratio of remuneration to MRE*
Managing Director and CEO	NA	NA
Joint Managing Director	26	59.32
Director and Deputy CEO	NA	NA

2. Other Directors

Designation	% Increase/Decrease of remuneration in 2021 as compared to 2020	Ratio of remuneration to MRE*
Independent Director	NA	NA
Independent Director	NA	NA
Nominee Director	NA	NA

3. Key Managerial Personnel

Designation	% Increase/Decrease of remuneration in 2021 as compared to 2020	Ratio of remuneration to MRE*
Chief Financial Officer	23	40.24
Company Secretary#	(34)	6.62

*MRE- Median Remuneration of Employees

#Mr. Anup Kumar Gupta was appointed as the Company Secretary in February 2021, remuneration mentioned above is the consolidated amount of remuneration paid to Mr. Anup and the previous Company Secretary.

4. There was no increase in the median remuneration of employees during the financial year.

5. The number of employees on the rolls of Company as on March 31, 2021 is 2462.

6. Average percentage increase made in the salaries of employees other than the managerial personnel and salaries of managerial personnel in the financial year was 8.44% and 26%, respectively.

7. It is hereby affirmed that the remuneration paid is as per the Policy for Directors, Key Managerial Personnel and other Employees.

ANNEXURE II

AOC-2

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

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

1. Details of Contracts or Arrangement or Transaction not at Arm's Length Basis:

There were no contracts / arrangements entered into by the Company with the related parties referred to in section (1) of Section 188 of the Companies Act, 2013 which were not at arm's length basis during the year ended 31st March, 2021.

2. Details of Contracts or Arrangement or Transaction at Arm's Length Basis:

Sl. No	Name of the related party and nature of relationship	Nature of contracts/ arrangements/ Transactions	Duration of the contracts/ arrangements/ Transactions	Salient terms of the contracts/ arrangements/ Transactions including the value, if any	Date of approval by the Board/ Committee, if any	Amount paid as advance, if any	Relation with director or manager
1.	Navi Finserv Private Limited	Service fees	3 Months	a. Processing fee on loan Disbursal amount at 2% and Service fees at 10% on Average outstanding portfolio of Twowheeler and other products b. Processing fee loan Disbursal amount at 1% and Service fees at 4% on Average outstanding portfolio of Housing loans, 8.5% on Small Business loans & 8% on any other loan products	August 14, 2020	-	

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

Sachin Bansal
Managing Director
DIN: 02356346
Date: August 12, 2021
Place: Bangalore

Anand Rao
Joint Managing Director
DIN: 01713987
Date: August 12, 2021
Place: Bangalore

ANNEXURE III

Annual Report on Corporate Social Responsibility Activities

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) has been developed in accordance with Section 135 of the Companies Act 2013 and the Companies Corporate Social Responsibility Rule, 2014 (hereby collectively referred to as the 'Act') notified by the Ministry of Corporate Affairs.

During the year the Company has chosen Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM Cares Fund) and Health Care as its CSR activity.

2. The Composition of CSR Committee:

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

Name of the Director	Designation and Position in the Committee	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
Mr. Ranganathan Sridharan	Independent Director, Chairman	1	1
Ms. Usha A Narayanan	Independent Director, Member	1	1
Mr. Anand Rao	Joint Managing Director, Member	1	1

3. Provide the web-link where Composition of CSR Committee, CSR Policy and CSR projects approved by the Board are disclosed on the website of the Company.

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

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

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

Not Applicable

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

Not Applicable

6. Average net profit of the Company as per section 135(5)

The average net profit for the Company calculated as per Section 198 of the Act and read with the Companies (Corporate Social Responsibility) Rules there of (Average net profit) accrued during the three immediately preceding Financial Year amounts to INR 2,08,00,753 (Two crores Eight lakh Seven hundred and Fifty Three only).

7. Details of expenditure

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

The prescribed CSR expenditure rate of two percent on the average net profit of INR. 2,08,00,753 amounts to INR 4,16,015/- (Indian Rupees Four Lakh Sixteen Thousand Fifteen Only)

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

NIL

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

NIL

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

Total Amount Spent for the Financial Year. (in Rs.)	Amount Unspent (in Rs.)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount.	Date of transfer.	Name of the Fund	Amount.	Date of transfer.
4,16,015	–	–	–	–	–

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

Nil

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

1	2	3	4	5		6	7	8	
Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act.	Local area (Yes/No).	Location of the project		Amount spent for the project (in Rs.)	Mode of implementation - Direct (Yes/No)	Mode of implementation - Through implementing agency	
				State	District			Name	CSR registration number
1.	Contribution to Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM Cares Fund)	(viii) contribution to the prime minister's national relief fund or Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund)	-	-	-	3,70,061	Yes		
2.	Healthcare	(i) promoting health care including preventive health care and sanitation	-	-	-	45,954	Yes	-	-
Total			**-**	**-**	**-**	**4,16,015***		**-**	**-**

*In addition to the above, the Company had also contributed INR. 1,21,812.00 to MFIN, a Self-Regulatory Organization (SRO) for the research and training activities and donated INR 96,801 to PM CARES Fund.

d) **Amount spent in Administrative Overheads**

NIL

e) **Amount spent on Impact Assessment, if applicable**

NIL

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

INR. 4,16,015/-

g) **Excess amount for set off, if any**

NIL

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

NIL

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

NIL

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

Not Applicable

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

NIL

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

Ranganathan Sridharan
Independent Director
DIN: 00868787
Date: August 12, 2021
Place: Bangalore

Anand Rao
Joint Managing Director
DIN: 01713987
Date: August 12, 2021
Place: Bangalore

ANNEXURE IV

FORM NO. MR-3

Secretarial Audit Report

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2021

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

To

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

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Chaitanya India Fin Credit Private Limited (hereinafter called "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, the information provided by the Company, its officers, agents and authorised 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, 2021, generally 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.

In view of the COVID -19 pandemic, wherever physical audit was not possible we have relied on electronic records and explanations and clarifications provided to us by the management and have been guided by the relaxations provided by the Ministry of Corporate Affairs, Reserve Bank of India and Securities and Exchange Board of India.

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, 2021 according to the provisions of:

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

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

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

(a) The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015;

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

(c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; and

(v) Laws, Norms and Directions as specifically applicable to Non-Banking Financial Company – Micro Finance Institution (NBFC-MFI):

(a) Reserve Bank of India Act, 1934;

(b) Non-Banking Financial Company – Micro Finance Institutions (Reserve Bank) Directions, 2011;

(c) Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions 2007 and Modifications thereof;

(d) Master Direction - Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016;

(e) Master Direction - Monitoring of Frauds in NBFCs (Reserve Bank) Directions, 2016;

(f) Master Direction - Information Technology Framework for the NBFC Sector

(g) Master Direction- Non-Banking Financial Company Returns (Reserve Bank) Directions, 2016; and

(h) Other relevant RBI Circulars / Notifications

(vi) Applicable Labour Laws

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

(i) Secretarial Standards issued by The Institute of Company Secretaries of India and

(ii) The Listing Agreement for debt securities entered into by the Company with BSE.

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

(i) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

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

(iii) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

(iv) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

(v) 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;

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

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

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

- 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 composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

- Adequate notice is given to all Directors to schedule the Board Meetings. Agenda and detailed notes on agenda were sent at least seven days in advance and at least one Independent Director was present wherein the Board meetings were held at shorter notice to transact urgent matters. 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 general meetings duly recorded and signed by the Chairman, the decisions were carried unanimously and there were no dissenting views. Similarly, all the decisions of the Board and Committees thereof were taken with requisite majority.

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.

- Based on the information provided by the Company, its officers and authorized representatives, during the conduct of the audit and also on the review of the details, records, documents and papers provided, in our opinion, adequate systems and processes and control mechanism exist in the Company to monitor and to ensure compliance with applicable general laws.

- The compliance of applicable financial laws, like direct and indirect tax laws, have not been reviewed in this Audit since the same are subject to review by statutory financial audit and other designated professionals.

We further report that during the audit period the following events/actions have taken place, having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc.:

I. Change in the Composition of the Board of Directors and its Committees

(a) Ms. Riya Bhattacharya, Nominee Director had resigned as a Director with effect from 29th June, 2020.

(b) Subsequently, based on the recommendation of the Nomination & Remuneration Committee as well as the Board of Directors, the Members at meetings held on 6th July, 2020 and 18th August, 2020 have appointed Ms. Usha A Narayanan and Mr. R Sridharan, respectively as independent directors of the Company for a period of 5 years.

(c) Mr. K S Ravi and Mr. R Nandakumar have resigned as independent directors of the Company with effect from 18th August, 2020. Subsequent to their resignation as well as the appointment of Ms. Usha A Narayanan and Mr. R. Sridharan, the Board of Directors has reconstituted all its Committees.

II. Resignation and Appointment of Company Secretary

Ms. Dimple Shah, Company Secretary has resigned with effect from 4th February, 2021. Subsequently, based on the recommendation of the Nomination & Remuneration Committee, the Board of Directors have appointed Mr. Anup Kumar Gupta as Company Secretary and Compliance Officer of the Company with effect 5th February, 2021.

III. Issue of Non-Convertible Debentures through Private Placement

During the year ended 31st March, 2021, the Company has allotted Non-Convertible Debentures through Private Placement in the following manner:

Sl No.	Debenture Holder	Listed/ Unlisted	Date of Allotment	No. of Debentures	Face Value (in Rs. / Lakhs)	Total Amount (In Rs. / Crores)
1	CSB Bank Ltd.	Listed	08.06.2020	150	10	15
2	State Bank of India	Listed	01.07.2020	500	10	50
3	A K Capital Finance Ltd.	Listed	30.09.2020	300	10	30
4	Bank of India	Listed	19.11.2020	250	10	25
5	Punjab National Bank	Listed	19.11.2020	250	10	25
6	A K Capital Finance Ltd.	Listed	15.12.2020	2500	1	25
7	UNIFI AIF	Listed	01.02.2021	3000	1	30
8	Ashish Ashok Ghiya	Listed	01.02.2021	100	1	1
9	CDC Group PLC	Unlisted	30.03.2021	500	10	50
	Total					**251**

IV. Conversion of Compulsorily Convertible Debentures into Equity Shares

The Company on 10th February, 2020 allotted 11,400 Unsecured, Unrated, Unlisted, Irredeemable, Convertible Debentures (CCD) of face value Rs. 1,00,000 (Rupees One Lakh Only) each aggregating to Rs 114,00,00,000 (Rupees One Hundred and Fourteen Crores Only) to Navi Finserv Private Limited (formerly known as Chaitanya Rural Intermediation Development Services Private Limited), the Company's holding Company.

Consequent to the said allotment, Navi Finserv has exercised its option to convert the CCDs into equity shares in the ratio of 1:2500 resulting in allotment of 2,85,00,000 (Two Crore and Eighty Five Lakh) equity shares of face value Rs. 10 each (Rupees Ten Only) at a premium of Rs. 30 per share (Rupees Thirty Only) by the Company on 12th May, 2020.

V. Redemption of securities

Pursuant to exercise of its call option on 6th November, 2020 under the terms of issue of Secured, Rated, Listed, Redeemable Non-Convertible Debentures (NCDs) to Japan ASEAN Women Empowerment Fund and Microfinance Initiative for Asia (MIFA), Debt Fund ("Investors"), the Company has redeemed 440 NCDs of face value Rs. 10,00,000 (Rupees Ten Lakhs Only) aggregating to Rs. 44,00,00,000 (Rupees Forty Four Crores Only).

For S. C. Sharada & Associates

S. C. Sharada
Company Secretary in Practice
M.No.: 7783
C.P. No.: 11903
UCN: S2016KR379800
UDIN: A007783C000447805

Place: Bangalore
Date: 11.06.2021

This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

'Annexure A'

To-

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

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

1. Maintenance of secretarial records 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 basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, 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.

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

5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test 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 S. C. Sharada & Associates

S. C. Sharada
Company Secretary in Practice
M.No.: 7783
C.P. No.: 11903
UCN: S2016KR379800
UDIN: A007783C000447805

Place: Bangalore
Date: 11.06.2021

This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

Annexure V

Related Party Transactions Policy

ABOUT THE COMPANY

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

PREAMBLE

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

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

OBJECTIVE

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

RELEVANT DEFINITIONS UNDER THE ACT

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

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

POLICY

I. APPROVAL OF AUDIT COMMITTEE

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

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

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

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

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

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

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

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

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

II. APPROVAL OF THE BOARD

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

III. APPROVAL OF SHAREHOLDERS

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

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

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

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

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

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

   - Whether the activity is covered in the objects clause of the Memorandum of Association;
   - Whether the activity is in furtherance of the business of the Company;
   - Whether the activity is normal or otherwise routine for the particular business undertaken by the Company;
   - Whether the activity is repetitive/frequent;
   - Whether the income, if any, earned from such activity/transaction is treated as business income in the Company's books of accounts;
   - Whether the transactions are common in the particular industry the Company operates in;

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

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

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

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

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

V. RATIFICATION OF TRANSACTIONS:

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

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

VI. DISCLOSURES OF RELATED PARTY TRANSACTIONS

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

Annexure VI

Management Discussion and Analysis Report

a. Industry structure and developments.

Microfinance Industry Trends

Microfinance is a form of financial service which provides small loans and other financial services to poor and low-income households. It is an economic tool designed to promote financial inclusion which enables the targeted households to improve their livelihoods, sustain their income generating potentials and improve overall living standards. The borrowers constitute the lower 80 percentile of India's income distribution with household incomes up to INR 2 lac. The overall Microfinance Industry is pegged at INR 3.7 lakh crores of Gross Loan Portfolio as of 31st March 2021, of which private players contribute INR 2.6 lakh crores and the NRLM SHG Bank linkage Program contributes Rs.1.1 lakh crores. The industry accounts for ~3% of total bank credit in India and ~13% of total household debt from Banks. The total disbursals in FY 2020-21 are estimated at around INR 1.9 lakh crores from private players and around INR 0.7 lakh crores under NRLM SHG scheme, totalling to INR 2.6 lakh crores. Disbursals declined by 19% YoY from INR 3.2 lakh crores in FY 2019-20, due to the COVID-19 Pandemic, disrupting normal businesses for the greater part of the year. The year was also impacted by the RBI induced moratorium, liquidity issues, loan waiver protests across pockets, farm bill protests, floods across various states, cyclones in coastal belts, elections and poll promises about loan waivers, and the Microfinance legislative bill passed by the Assam Government. Nonetheless, the industry has shown resilience and sharp recovery as and when the economy opened up, and is widely anticipated to bounce back to normalcy by the end of FY 2021-22. The industry is expected to grow by 25-30% CAGR in the next 5 years.

Impact of the COVID-19 Pandemic

India witnessed two COVID waves till date, the First wave that hit in March'2020 and the Second one that hit in March'2021. The First wave was more impactful to the economy as neither the administration nor the mass-at-whole were prepared for such a large-scale pandemic. The sudden lockdown and the general unpreparedness destabilized the economy. There was widespread loss of jobs and livelihood, depletion of savings and household debts, stress in liquidity, and weakening of investment outlook. The uncertainty surrounding the pandemic, health infrastructure, and quality of life, led to further diminution of market sentiments. However, rural India was relatively insulated from the impact. The microfinance industry, which largely operates in rural and semi-urban India, could bounce back faster than any other sector, and resume normal businesses.

The Second wave had a more devastating impact in a shorter time span. This time, the rural economy was extensively impacted as cases were more in the hinterlands, combined with poor health infrastructure, and a lack of vaccines. Normal functioning of the industry was derailed due to restrictions in movement, public gatherings, and restrictions on non-essential business activities.

The impact is partially mitigated through relief measures announced by the RBI and the Finance Ministry during May & June 2021. The Company is also taking corrective actions by way of restructuring under RBI 2.0 scheme and emergency top-up funding assistance to stressed customers. The post-lockdown issues are largely non-existent after the 2nd wave, and there are no fresh reports of political backlashes or loan waiver protests. The industry is again showing a strong resilience and adaptability to the changing environment, and change is also seen among the behaviour of microfinance customers – they are more aware of their rights and obligations in terms of loan borrowings & repayments, more inclined to maintain clean repayment track and credit history, and more open to digital financing.

Concentration Risk & Customer Indebtedness

Although the industry is spread across 650+ districts in 35 states & union territories, 82% of the industry AUM is concentrated to 10 states. The reason being, inequal distribution of population density – these 10 states cover more than 70% of India's population. The penetration of microfinance is roughly 50% of all eligible households, but among top-10 states the penetration is above 80%.

The industry has been witnessing high saturation and indebtedness in certain geographies, notably Southern India, West Bengal, & Assam. While Assam and West Bengal is witnessing very high outstanding per average borrower and high deviations from RBI maximum limit guidelines, Tamil Nadu has been seeing deviations on upper cap of number of lenders.

Assam is already impacted, first during the anti-CAA protests in the year 2019 and then the post-COVID mass defaults that occurred in 2020. The State has now come up with a Legislative bill and has asked all players to write off loans crossing the RBI maximum limits or lender caps. As per industry estimates, the Assam portfolio is at INR 12,500 Cr and the write offs may add up to INR 4,000 Cr, or about 1/3rd of the portfolio. Parts of West Bengal is also seeing higher defaults after the COVID-19.

Matured markets of South India are showing more resilience to external events. During the past two years, parts of South Maharashtra, coastal Karnataka, Kerala, and Tamil Nadu has been impacted by localized issues like political backlashes, loan waiver protests, floods, cyclones, COVID impact, etc, but their portfolios have been able to bounce back within a short span of time.

Post COVID, less-penetrated markets are seeing newer players and a higher business growth, especially Bihar, Madhya Pradesh, and Rajasthan.

Financial Risk

The industry has been witnessing a fair amount of consolidation with several players merging with Banks and other NBFCs and some of the other MFIs becoming Business Correspondents (BCs). Liquidity and capital have become the key challenges since the COVID-19 onset. While large players can raise capital from Banks as well as from the market without much difficulty, the small & mid-sized players have ended up on the receiving end. The industry is further riled up by increase in delinquencies and payment delays since the pandemic, which has resulted in higher credit costs for 2020-21 and also expected in 2021-22.

The Industry PAR 30-180 has jumped from 1.9% in March'20 to 8.7% in March'21, similarly PAR 90-180 has increased from 1.0% to 4.0%. Banks are seeing the highest PAR 30-180, at 10.2%, but are well capitalized and relatively better off to absorb the shock. Smaller players like NBFC-MFIs are at 6.8% PAR 30-180 while SFBs are at 7.6%, and will take considerable time to regain normalcy.

The yield curve has softened over the period of FY 2020-21, and RBI maximum lending rate for NBFC-MFIs has come down by more than 250 bps in the last 12 months. This has created margin pressure on NBFC-MFIs already accentuated by higher credit costs and liquidity stress.

The industry is further expected to consolidate in the coming years, as most small & medium sized players are unable to address solvency and liquidity issues created by the pandemic.

In June 2021 the RBI has floated a consultative document, proposing to harmonise the regulatory frameworks for the various regulated entities (REs) in the microfinance space. The paper has proposed removal of caps on NBFC-MFIs in terms of margin cap, limits on number of MFIs that can lend to a borrower and other sub-limits on loan amounts, tenor, and purpose. At the same time, it has suggested each regulated entity to have a board approved policy for assessment of household income. It has also prescribed capping the payment of interest and repayment of principal for all outstanding loan obligations of the household as a percentage of the household income, subject to a maximum limit of 50% (in place of current exposure cap of INR 1,25,000).

If the proposed changes are wholly or partially implemented it will have impact on the Company's business and financials. On one hand, it will create a level playing field since all REs will be governed by same set of rules. On the other hand, it doesn't recognise dispersions in income that is seen among microfinance customers across the length and breadth of the country, and also proposes to create a blanket regulation on the basis of monthly obligations. The impact may either be business positive or negative, hence the Company views this move as a regulatory risk.

b. Opportunities and Threats.

Opportunities

Deep Rural

Chaitanya has always focused on being a deep rural microfinance institution, putting significance on identifying and serving under-served and less penetrated rural households. This strategy opens up significant opportunities across India. There are large markets, especially the Northern and Central states, such as UP, MP, Bihar and Rajasthan where MFI penetration is still less. Even in penetrated MFI markets, the deep rural strategy will help the Company to maintain a consistent stream of customers.

Graduating JLG customers

As the MFI customers mature, their aspirations also rise. The Joint Liability Group (JLG) model, requiring joint liability for loans taken by borrowers does not work effectively beyond a certain loan amount. Among the JLG customers, there will be customers who will have loan requirements beyond what the JLG mechanism can meet. Meeting this requirement of graduating JLG customers through individual loans, which is outside the JLG mechanism is an emerging opportunity. The Company wants to build experience in giving individual loans to graduating JLG customers, in the process the larger retail loan and micro business segments will also become an opportunity for the Company.

Diversification

Chaitanya is diversifying its portfolio – both geographically and profile-wise. The Company has entered into 2 new states and 16 districts in FY 2020-21, and plans to enter another 3 states in FY 2021-22. The diversification is planned across matured markets like South India, as well as less charted territories like North India and the Central India. The Company plans to bring down its largest state exposure and top-10 districts exposure significantly in the coming months. Chaitanya is also exploring larger ticket loans for graduating JLG customers. The Management believes that, with this strategy it will be able to enter the larger retail loans market and gradually diversify the portfolio from systemic and systematic risks. The Company may also consider diversifying to more semi-urban and urban geographies if it is able to replicate its operating model to the urban underserved customers.

Digital Lending

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

Analytics for Credit Underwriting

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

Universal Banking license

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

Threats

Localised Political Disruptions

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

Impact of Natural Calamities

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

Digital Lending

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

Vulnerability to External Events

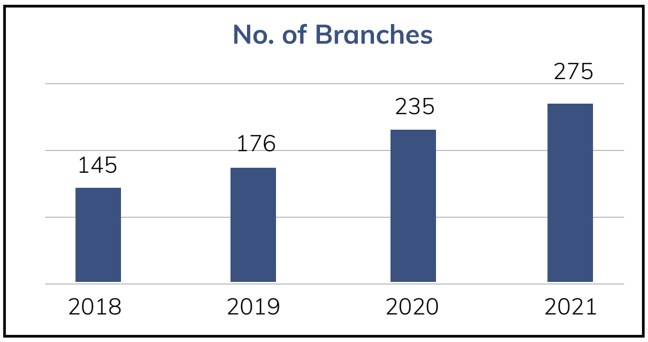
The sector is most vulnerable to external, unrelated events than any other financial product or segment. In recent past, the industry has been troubled by major socio-political events which has little bearing to microfinance, viz. anti-CAA protests, farm bill protests, elections, etc. With the focus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

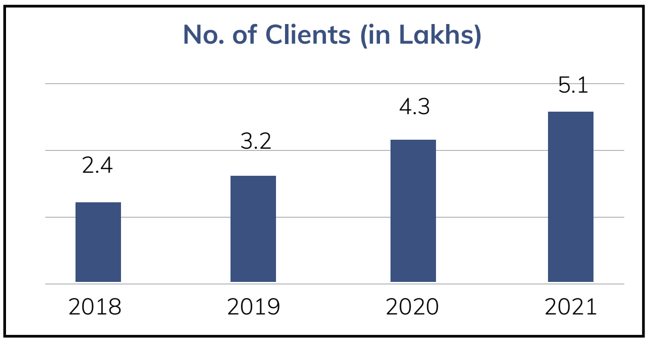
Operational Highlights

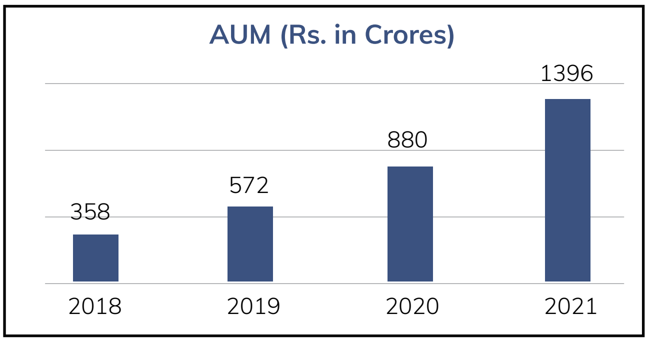
The Financial year 2021 was a special year for all. We started the year with lockdown and work from home which was new for all of us. Once the lock down was lifted the Company took up the challenge of regularising collections and growing business. Chaitanya expanded into two new States of Chhattisgarh and Madhya Pradesh. Chaitanya's operations are now spread across seven states, viz. Karnataka, Maharashtra, Bihar, Uttar Pradesh (UP), Jharkhand, Chhattisgarh and Madhya Pradesh. The spread across these states is in line with the Company's objective to have a geographically diversified portfolio. The non-Karnataka share of microfinance book (JLG loans) is at 47% during the year.

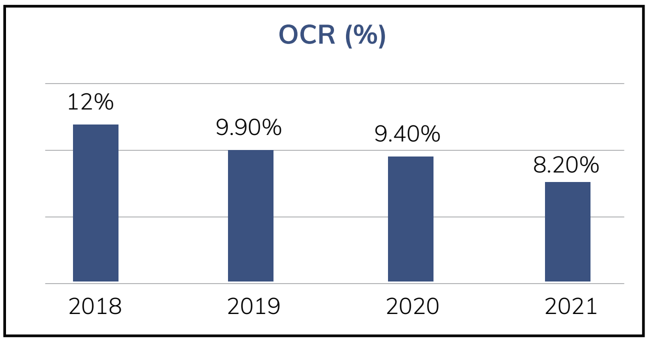
The Company ended the year with 275 branches, all the new branch expansion were outside Karnataka. The Company grew its loan book by an impressive 58% and a healthy client growth of 21% The Company now serves 5.14 lakh clients with an average outstanding of 26,900/- per client The growth in portfolio is accompanied by improvement in efficiency. The operating cost has decreased from 9.4% to 8.2% The Company ended the year with a PAT of 20.6 Crores a growth of 307% over previous year.

Particulars	FY 2020	FY 2021
No. of states covered	5	7
No. of districts covered	56	68
No. of branches	235	275
No. of employees	2241	2462
No. of active microcredit clients	4,27,339	5,14,580
Total AUM in INR (crores)	880	1,396
Operating Cost Ratio	9.4%	8.2%









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

1. Staff health - Spreading awareness through reach out programs, webinars by medical practitioners, and insisting on appropriate Covid preventive.

2. Consistently communicating with customers even when physically reaching them for regular center meetings were not possible.

3. Extending credit to customers after their saving and capital got consumed during the lockdown and pandemic.

South BV (Business Vertical) reached a client base of 3.69 lakhs with a portfolio of INR 974 crores across 175 branches and North BV reached out to around 1.45 lakh clients and a portfolio INR 414 crores through a network of 103 branches

c. Outlook

In the coming years, the Company will be focusing on large untapped markets of such as the newer states of Tamil Nadu in the South, Gujarat and Rajasthan in the West and Madhya Pradesh in Central India while continuing to deepen its roots in the matured markets of South India. It is not present in the troubled markets of West Bengal, Assam and the North-East, and is largely insulated by the issues faced in these states. The Company has ceased all its non-core businesses like two-wheeler loans, housing loans, livestock and small business loans, in order to focus on its core JLG business. At the same time, as a look-forward strategy, it will enter into the JLG graduation market which is typically underserved in the current environment. This will give the Company leverage to diversify in to a bigger array of retail and micro MSME products in the future. Solid growth with sound portfolio quality will be the top priority for Chaitanya. With the Company now being part of the well-capitalized Navi group, the group's ability to support growth ambitions and strength in cutting edge technology is going to provide additional momentum. Usage of technology for digital lending and data analytics will be prioritised. The Company will increase its focus on the training and development of its employees to ensure superior customer service, process compliance and quicker technology adoption. It is also investing in its middle and higher management with push on game-changing strategies, agile technologies, sustainable business plans, and optimized costs. The Company holds a positive outlook in the near-to-medium term.

d. Risks and Concerns.

Risks and Concerns

PERCEIVED RISKS	MITIGANTS
SYSTEMIC RISK (COVID-19)	• The Company has been one of the fastest players to rebound after the COVID First Wave. Chaitanya has grown by 58% YoY in FY 2020-21 while the industry grew by 12% only, and most of its competitors grew in the range of 0% to 40%. • The Company is confident that it can quickly bounce back after the Second wave or any subsequent waves in near future. • Regulatory measures taken by the RBI and the Finance Ministry will help in providing relief to stressed customers.
BUSINESS CONTINUITY	• The Company had proactively put in place, a resilient business continuity plan. It has formed an internal Committee and Quick Response teams to address any business continuity related issues in any part of the operations on a real time basis. • Additional field force has been deployed for ensuring normal business.
CREDIT RISK	• The Company has put in place, an independent credit team to carry out quality check all its proposals sourced by field team. The credit team will also underwrite any exposure above INR 50,000.
	• The Company has adopted a robust Expected Credit Loss model and. The model has been tested for the last 24 months and has shown accuracy in predicting expected loan losses. It has also provisioned for additional credit costs on account of unexpected losses arising due to the pandemic.
OPERATIONAL RISK	• The Company has invested ahead in expansion of its audit team proportional to its future scale of business. It has also put in an audit tele-calling team to investigate exception transactions and mitigate frauds and other employee-driven risks. • It is investing in a high-end audit tool, to be functional from FY 2021-22. • Robust controls, maker-checker mechanism across functions and well laid out reconciliation processes, independent audit of Internal Financial Controls, system-based exception trackers and risk flagging.
LIQUIDITY RISK	• The Company is well-capitalized, with comfortable leverage and strong pipeline of borrowings. It also has an emergency credit line commitment from the parent entity. • As a policy it maintains adequate liquidity to meet near term commitments for the next 45 days, which is significantly higher than the RBI norm of 30 days for Banks & large NBFCs.
FINANCIAL RISK	• The Company's financial profile is strong in all aspects of liquidity, solvency, and profitability. • It's external rating has been upgraded by 4 notches in the last 24 months. Chaitanya got two upgrades during the COVID-19 pandemic, while most other players were either downgraded or qualified as negative outlook.
REPUTATIONAL RISK	• The Company has been proactive in passing on moratorium benefits to its customers. It has also offered emergency loan support to all its customers during the First wave as well as the Second wave. • It has undertaken several CSR activities independently as well as with MFIN for COVID-19 relief.
REGULATORY RISK	• The Company has a dedicated team to continuously monitor regulatory changes and initiate curative action through the management. • Its senior management holds strong & diverse expertise with cumulative experience of more than 200 years.
STRATEGY RISK	• The Company consists of senior management of strong & diverse experience. • We believe that strength of the Company in its core microfinance business. • Another strength of the Company is its ability to scale up quickly, diversify, and adapt to a changing environment.

e. Internal control systems and their adequacy.

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

f. Discussion on financial performance with respect to operational performance

The Company presents the following key ratios of its Financial Performance for the period under review:

Sl.	Particulars	FY21	FY20
1	Total income	24.15%	25.40%
2	Financial cost	7.92%	10.30%
3	Net margin	16.22%	15.00%
4	Operating cost	8.22%	11.00%
5	Credit Cost	5.40%	2.90%
6	ROA	2.36%	0.70%
7	ROE	8.29%	6.00%
8	Debt Equity ratio	2.9 times	2.6 times

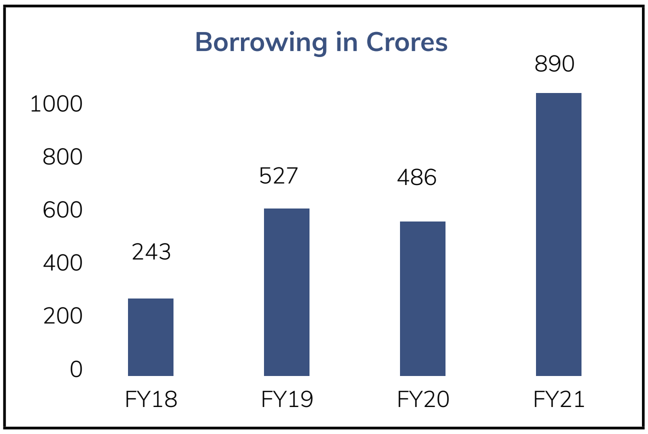
Notes:

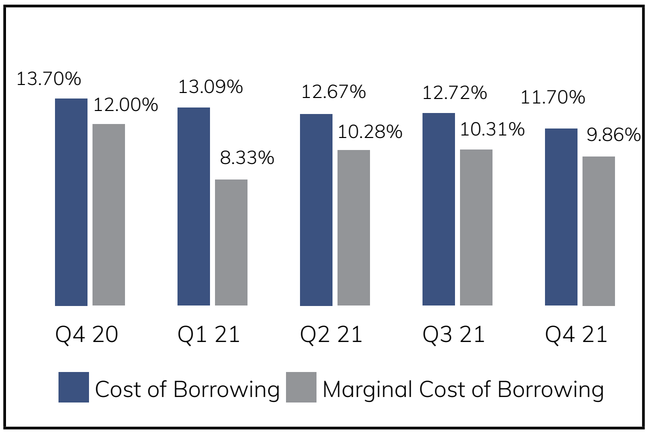
(a) Ratios (1) to (6) has been calculated on monthly average gross portfolio

(b) ROE has been calculated on a yearly average, annualising equity infusion

(c) Debt to Equity ratio has been calculated on year-end balances

g. Funding Profile





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

Human Resources

Chaitanya strived to overcome the challenges that emerged during the pandemic and paid keen attention to the growth and development of the employees throughout the year. The main focus was to establish an inclusive connection with the employees and stand by them in such turbulent situations. With unbreakable determination, Chaitanya embarked on a refreshing journey of growth, accomplishments and aspirations. During the year, 1676 people joined Chaitanya and we concluded the year with a total manpower of 2462. In an attempt to maintain diversity across the organisation, 67 women employees were hired and we closed the year with 101 women employees. Chaitanya also recruited 43 management trainees and provided them with an opportunity to sharpen their skills for future challenges. Chaitanya marked its presence in 275 branches, 68 districts and 7 states and moved closer towards the vision of becoming a PAN India organization.

Chaitanya deeply emphasizes the institution's core values and does every bit possible to make learning a crucial part of the culture. The Company makes sure that the field officers are recruited from the local areas where we serve to make the most of the cultural impact for building a stronger bond with our customers. This enthusiastic bunch of new talent are provided with the comprehensive training termed Induction training to provide a complete overview of the practices, values and processes in the organisation. As it was the need of the hour to ensure the safety of our people, Chaitanya adopted the virtual mode of training to ensure the continuous flow of learning. Chaitanya continued to enhance the capabilities of the employees by regularly organising the development programs and certifications. Diploma in MFI certification course is an initiative to provide an online certified course to the Customer Relationship Executives related to the microfinance industry and to improve their knowledge during the tenure being associated with the organisation. In the view of providing accurate information on the mental and physical well-being of the employees, Chaitanya conducted various interactive sessions such as Doctor's Talk on Stress & COVID, Psychological wellness during COVID-19, Fit India Dialogue and Buddy Challenge Activity, Motivational Session - Turn Setbacks into Comebacks and more.

In accordance with our primary focus, Chaitanya started Quarterly Townhall Virtual Meetings, to connect the frontline officers with the top management namely JMD, HR Head and respective Operation Heads. This interaction helped us to feel the pulse of the people which resulted in the transformation of the policies and processes required to implement for the welfare of the organisation as a whole. Considering the well-being of the people, the COVID kit allowance was provided to the regional officers for encouraging them to follow the COVID appropriate behaviours.

Chaitanya intends to pay equal attention to women employment and hence introduced initiatives like Sarvada (all-time opening for women CREs) and Women Referral Program. To reach the expectations of the people, Chaitanya has taken the initiative to transform the current HRMS with loaded features. This step aims to enhance the organisation by being technically competent in the digitally driven world.

Chaitanya acknowledges the efforts of its people and desires to keep them motivated. "Rising Star Award" was initiated for the field officers on a monthly basis and awarded them with a certificate signed by the JMD and a customised T-shirt. In line with our motive to recognise the dedicated work of our employees who served the customers for more than 5 years were honoured in the "Long Service Award event" and awarded with a certificate signed by JMD, trophy and watch.

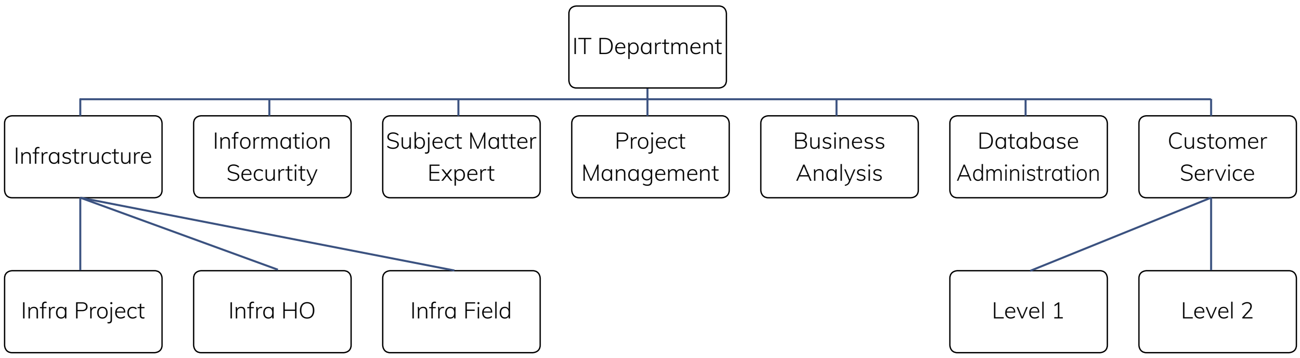
i. Information Technology

IT Department of your Company acts as a catalyst and plays a crucial role in setting up the phase for achieving the business objective. It ensures that, robust and latest innovative technology is adapted to provide seamless user experience with flawless security.

Each solution is implemented by studying the gravity of the respective function's operation. Keeping in view the constant updates and changes in the IT services overall, the Company has incorporated many tech solutions with latest framework. Some of them are, Lending Management Suite, Audit Platform, HRMS, CKYC, Fixed Asset Management, Centralised Datawarehouse, Oracle Financial Suite, Private Cloud, VPN, Desktop Management Solution etc.

To ensure highest quality of support in the services provided, IT's highly skilled resources are always on the edge.

Following is the IT organizational structure of your Company designed to ensure seamless functioning of the IT Functions:



Independent Auditor's Report

To the Members of
Chaitanya India Fin Credit Private Limited

Report on the Audit of the Financial Statements

Opinion

1. We have audited the accompanying financial statements of Chaitanya India Fin Credit Private Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2021, 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 a summary of the significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Indian Accounting Standards ('Ind AS') prescribed under section 133 of the Act, of the state of affairs (financial position) of the Company as at 31 March 2021, and its profit (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

Emphasis of Matter

4. We draw attention to Note 2(B) of the accompanying financial statements, which describes the uncertainty relating to the effects of Covid-19 pandemic on the Company's operations. Our opinion is not modified in respect of this matter.

Key Audit Matter

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

6. 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 loans assets and implementation of COVID-19 relief measures Refer note 3(v) of significant accounting policies and note 7 for the outstanding loan assets and note 42.1.5 of the financial statements for credit risk disclosures. As at 31 March 2021, the Company has reported gross loan assets of ₹119,863.43 lakhs against which an impairment loss of ₹6,669.36 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	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.

Key audit matter	How the matter was addressed in our audit
significant management judgement and the use of different modelling techniques and assumptions which could have a material impact on reported profits. The Company has applied a three-stage approach based on changes in credit quality to measure expected credit loss on loans which is as follows: • If the loan is not credit-impaired on initial recognition then it is classified in 'Stage 1' and its credit risk is continuously monitored by the Company i.e. the default in repayment is within the range of 0 to 30 days. • If a significant increase in credit risk since initial recognition is identified, it is moved to 'Stage 2' but is not yet deemed to be credit-impaired i.e. the default in repayment is within the range of 31 to 90 days. • If the loan is credit-impaired, it is then moved to 'Stage 3' i.e. the default in repayment is more than 89 days. The Expected Credit Loss (ECL) is measured at 12-month ECL for Stage 1 loan assets and at lifetime ECL for Stage 2 and Stage 3 loan assets. Significant management judgement and assumptions involved in measuring ECL is required with respect to: • determining the criteria for a significant increase in credit risk • factoring in future economic assumptions • techniques used to determine probability of default, loss given default and exposure at default. These parameters are derived from the Company's internally developed statistical models, other historical data and trends observed during systemic and non-system scenarios. **COVID-19 impact on gross advances** During the current year, RBI announced various relief measures for the borrowers which were implemented by the Company such as "COVID 19 Regulatory Package- Asset Classification and Provisioning" announced by the RBI on 17 April 2020 and RBI circular on "Asset Classification and Income Recognition following the expiry of Covid-19 regulatory package" dated 07 April 2021 (collectively referred to as 'the RBI circulars'), which have been collectively considered by the management in identification, classification and provisioning of loan assets for impairment. On the basis of an estimate made by the management, an additional provision to the tune of ₹1,522.80 lakhs has been recognised by the Company as at 31 March 2021 on account of increase in default risk due to the impact of COVID-19 on recoverability of loans of the Company. The basis of estimates and assumptions involved in arriving at the additional provisions are monitored by the Company periodically and significantly depend on future developments in the economy due to COVID-19 including any new relief measures' announcements by the RBI. Considering the significance of the above matters to the overall financial statements, additional complexities involved in the current year on account of ongoing impact of COVID-19 and extent of management's estimates and judgements involved it required significant auditor attention. Accordingly, we have identified this as a key audit matter for current year audit.	• 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; • Assessed that the critical assumptions used by the management including the impact due to the moratorium facility availed by certain customers for estimation of allowance for expected credit losses as at 31 March 2021 which amongst others included testing of the risk profiling of the customers based on various factors attributing to the risk of default owing to the ongoing pandemic; • Performed a critical assessment of assumptions including management's assessment of the impact of COVID-19 on these assumptions, moratorium facility availed by the customers and input data used in the estimation of expected credit loss models for specific key credit risk parameters, such as the transfer logic between stages, probability of default (PD) or loss given default (LGD) ; • Performed an assessment of the adequacy of the credit losses expected within 12 months by reference to credit losses actually incurred on similar portfolios historically; • Obtained written representations from management on whether they believe significant assumptions used in calculation of expected credit losses are reasonable; and • Assessed the appropriateness and adequacy of the related presentation and disclosures of note 42 "Financial risk management" disclosed in the accompanying financial statements in accordance with the applicable accounting standards and elated RBI circulars and Resolution Framework.

<table>
<tr><th>Key audit matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td>We also draw attention to Note 2(B) of the accompanying financial statements, regarding uncertainties involved and on the appropriateness of impairment losses provided on the above-mentioned loan assets as on 31 March 2021, as the same is fundamental to the understanding of the users of financial statements.</td><td></td></tr>
<tr><td>Information Technology system for the financial reporting process

The Company is highly dependent on its Information Technology (IT) systems for carrying on its operations which require large volume of transactions to be processed in numerous locations. Further, the Company's accounting and financial reporting processes are dependent on the automated controls enabled by IT systems which impacts key financial accounting and reporting items such as loans, interest income and provision on loans amongst others. The controls implemented by the Company in its IT environment determine the integrity, accuracy, completeness and validity of data that is processed by the applications and is ultimately used for financial reporting.

Our areas of audit focus included user access management, developer access to the production environment and changes to the IT environment. Further, we also focused on key automated controls relevant for financial reporting.

Accordingly, since our audit strategy included focus on key IT systems and controls due to pervasive impact on the financial statements; we have determined the same as a key audit matter for current year audit.</td><td>Our key audit procedures with the involvement of our IT specialists included, but were not limited to the following:

• Obtained an understanding of the Company's IT related control environment and conducted risk assessment and identified IT applications, databases and operating systems that are relevant to our audit. Also, obtained an understanding of the changes that were made to the identified IT applications during the audit period and tested those changes that had a significant impact on financial reporting;

• Tested the design and operating effectiveness of the Company's IT controls over the IT applications;

• Tested IT general controls particularly, logical access, changes management and aspects of IT operational controls. Tested that requests for access to systems were appropriately reviewed and authorized; tested controls around

Company's periodic review of access rights; inspected requests of changes to systems for appropriate approval and authorization;

• Performed tests in relation to configuration settings and other application controls identified during out audit and report logic for system generated reports relevant to the audit mainly for loans, interest income for evaluating completeness and accuracy; and

• Where deficiencies were identified, tested compensating controls or performed alternative procedures.</td></tr>
</table>

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

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

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

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

   When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

   Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

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

    Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

    - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for explaining 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 management.

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

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

13. 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.

14. 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.

15. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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

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

17. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure I a statement on the matters specified in paragraphs 3 and 4 of the Order.

18. Further to our comments in Annexure I, as required by section 143(3) of the Act, we report, to the extent applicable, that:

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

   b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

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

   d) in our opinion, the aforesaid financial statements comply with the Ind As prescribed under section 133 of the Act;

   e) on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2021 from being appointed as a director in terms of section 164(2) of the Act;

   f) we have also audited the internal financial controls with reference to financial statements of the Company as on 31 March 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date and our report dated 18 June 2021 as per Annexure II expressed unmodified opinion;

   g) 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, as detailed in note 38 to the financial statements, has disclosed the impact of pending litigations on its financial position as at 31 March 2021;

      ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2021;

      iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31 March 2021;

      iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016, which are not relevant to these financial statements. Hence, reporting under this clause is not applicable.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Manish Gujral
Partner
Membership No. 105117
UDIN: 21105117AAAADR9282

Place: Mumbai
Date: 18 June 2021

Annexure I

To The Independent Auditor's Report

Annexure I to the Independent Auditor's Report of even date to the members of Chaitanya India Fin Credit Private Limited, on the financial statements for the year ended 31 March 2021

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, we report that:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) All fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the fixed assets is reasonable having regard to the size of the Company and the nature of its assets.

(c) The Company does not hold any immovable property (in the nature of 'fixed assets'). Accordingly, the provisions of clause 3(i)(c) of the Order are not applicable.

(ii) The Company is a Non-Banking Financial Company-Micro Finance Institution (NBFC-MFI), primarily engaged in the business of lending to members of joint liability groups and does not hold any inventory. Accordingly, the provisions of clause 3(ii) of the Order are not applicable.

(iii) The Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships (LLPs) or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable.

(iv) In our opinion, the Company has complied with the provisions of section 185 and section 186 of the Act in respect of loans given, investments, guarantees and security.

(v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act 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 Central Government has not specified maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of Company's services. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.

(vii)(a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and services tax, service tax, cess and other material statutory dues, as applicable, have generally been regularly deposited to the appropriate authorities, though there has been a slight delay in a few cases. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.

(b) The dues outstanding in respect of income tax on account of any dispute, are as follows:

Statement of disputed dues:

Name of the statute	Nature of dues	Amount (₹)	Amount paid under Protest (₹)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	8,249,240	1,649,848	FY 2014-15	CIT (2) (1)(1)- Bangalore
Income Tax Act, 1961	Income Tax	4,825,255	965,061	FY 2015-16	CIT (2) (1)(1)- Bangalore

(viii) The Company has not defaulted in repayment of loans or borrowings to any financial institution or a bank or any dues to debenture-holders during the year. The Company has no loans or borrowings payable to government.

(ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments). In our opinion, the Company has applied the term loans for the purposes for which these were raised, though idle funds which were not required for immediate utilisation have been invested in liquid investments, payable on demand.

(x) According to the information and explanations given by the management, we report that no fraud by the Company or no material fraud on the Company by its officers or employees have been noticed or reported during the course of our audit.

(xi) The provisions of Section 197 of the Act read with Schedule V to the Act are not applicable to the Company since the Company is not a public company as defined under Section 2(71) of the Act. Accordingly, provisions of clause 3(xi) of the Order are not applicable.

(xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.

(xiii) In our opinion all transactions with the related parties are in compliance with sections 177 and 188 of the Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable Ind AS.

(xiv) During the year, the Company has made preferential allotment fully convertible debentures. In respect of the same, in our opinion, the Company has complied with the requirement of Section 42 of the Act and the Rules framed thereunder. Further, in our opinion, the amounts so raised have been used for the purposes for which the funds were raised. During the year, the Company did not make preferential allotment of shares/ partly convertible debentures.

(xv) In our opinion, the Company has not entered into any non-cash transactions with directors or persons connected with them, covered under Section 192 of the Act.

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

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Manish Gujral
Partner
Membership No. 105117
UDIN: 21105117AAAADR9282

Place: Mumbai
Date: 18 June 2021

Annexure II

To The Independent Auditor's Report

Annexure II to the Independent Auditor's Report of even date to the members of Chaitanya India Fin Credit Private Limited on the financial statements for the year ended 31 March 2021

1. In conjunction with our audit of the financial statements of Chaitanya India Fin Credit Private Limited ('the Company') as at and for the year ended 31 March 2021, we have audited the internal financial controls with reference to financial statements of the Company as at that date.

Responsibilities of Management for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls with Reference to Financial Statements

6. A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management

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

Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31 March 2021, based on internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI') ('the framework').

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Manish Gujral
Partner
Membership No. 105117
UDIN: 21105117AAAADR9282

Place: Mumbai
Date: 18 June 2021

Balance Sheet as at 31 March 2021

(All amounts in ₹ lakhs unless otherwise stated)

Particulars	Notes	As at 31 March 2021	As at 31 March 2020
I ASSETS			
1 **Financial assets**			
Cash and cash equivalents	4	6,379.88	584.42
Bank balance other than cash and cash equivalents	5	1,712.01	1,405.92
Other receivables	6	4.85	-
Loans	7	1,13,194.07	82,890.77
Investments	8	18,089.96	4,912.82
Other financial assets	9	1,781.72	317.98
2 **Non-financial assets**			
Deferred tax assets (net)	10	1,563.26	895.53
Property, plant and equipment	11	288.51	283.33
Right of use assets		13.33	22.31
Other intangible assets	12	85.82	7.72
Other non-financial assets	13	178.95	119.42
Total assets		**1,43,292.36**	**91,440.22**
II LIABILITIES AND EQUITY			
LIABILITIES			
1 **Financial liabilities**			
Payables			
(I) Trade payables			
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	14	237.31	118.65
(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	15	53.83	451.15
Debt securities	16	29,658.62	13,538.20
Borrowings (other than debt securities)	17	67,532.09	38,437.81
Subordinated liabilities	18	3,983.58	3,977.13
Other financial liabilities	19	4,910.21	2,002.06
2 **Non-financial liabilities**			
Current tax liabilities (net)		367.49	50.01
Provisions	20	1,282.65	946.60
Other non-financial liabilities	21	443.17	228.87
Total liabilities		**1,08,468.95**	**59,750.48**
3 **Equity**			
Equity share capital	22	10,350.00	7,500.00
Other equity	23	24,473.41	24,189.74
Total equity		**34,823.41**	**31,689.74**
Total liabilities and equity		**1,43,292.36**	**91,440.22**

See accompanying notes forming part of the financial statements.

As per our report of even date

For **Walker Chandiok & Co. LLP**
Chartered Accountants
Firm Registration No.: 001076N/N500013

Manish Gujral
Partner
Membership No. 105117
Mumbai
18 June 2021

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

Sachin Bansal
Managing Director and CEO
DIN: 02356346
Bengaluru
18 June 2021

Ankit Agarwal
Director and Deputy CEO
DIN : 08299808
Bengaluru
18 June 2021

Anand Rao
Joint Managing Director
DIN: 01713987
Bengaluru
18 June 2021

Srinivasan C V
Chief Financial Officer
Bengaluru
18 June 2021

Anup Kumar Gupta
Company Secretary
Bengaluru
18 June 2021

Statement of Profit and Loss for the year ended 31 March 2021

(All amounts in ₹ lakhs unless otherwise stated)

Particulars	Notes	For the year ended 31 March 2021	For the year ended 31 March 2020
Revenue from operations			
(i) Interest income	24	20,993.13	15,950.93
(ii) Fee and commission income	25	336.72	1,052.90
(iii) Net gain on fair value changes	26	226.55	188.87
(iv) Net gain on derecognition of financial instruments under amortised cost category	27	1,809.25	324.47
(I) Total revenue from operations		**23,365.65**	**17,517.17**
(II) Other income	28	8.47	0.26
(III) Total income (I + II)		**23,374.12**	**17,517.43**
Expenses			
(i) Finance cost	29	7,668.54	7,052.62
(ii) Impairment of financial instruments	30	5,228.60	2,017.50
(iii) Employee benefits expenses	31	5,821.76	5,360.48
(iv) Depreciation, amortisation and impairment	32	147.25	153.82
(v) Other expenses	33	1,991.93	2,219.68
(IV) Total expenses		**20,858.08**	**16,804.10**
(V) Profit before tax (III - IV)		**2,516.04**	**713.33**
(VI) Tax expense:	**34**	**453.51**	**206.48**
(1) Current tax		1,196.46	558.23
(2) Deferred tax		(742.95)	(351.75)
(VII) Profit for the year (V - VI)		**2,062.53**	**506.85**
(VIII) Other comprehensive income			
(i) Items that will not be reclassified to profit or loss		17.64	(69.83)
(ii) Income tax relating to items that will not be reclassified to profit or loss		(4.44)	17.57
Subtotal (A)		**13.20**	**(52.26)**
(i) Items that will be reclassified to profit or loss		281.20	-
(ii) Income tax relating to items that will be reclassified to profit or loss		(70.77)	-
Subtotal (B)		**210.43**	**-**
Other comprehensive income		223.63	(52.26)
(IX) Total comprehensive income for the year (VII + VIII)		**2,286.16**	**454.59**
(X) Earnings per equity share	**35**		
Basic (₹)		2.06	1.11
Diluted (₹)		2.06	1.05

See accompanying notes forming part of the financial statements.

As per our report of even date

For **Walker Chandiok & Co. LLP**
Chartered Accountants
Firm Registration No.: 001076N/N500013

Manish Gujral
Partner
Membership No. 105117
Mumbai
18 June 2021

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

Sachin Bansal
Managing Director and CEO
DIN: 02356346
Bengaluru
18 June 2021

Ankit Agarwal
Director and Deputy CEO
DIN : 08299808
Bengaluru
18 June 2021

Anand Rao
Joint Managing Director
DIN: 01713987
Bengaluru
18 June 2021

Srinivasan C V
Chief Financial Officer
Bengaluru
18 June 2021

Anup Kumar Gupta
Company Secretary
Bengaluru
18 June 2021

Cash Flow Statement for the year ended 31 March 2021

(All amounts in ₹ lakhs unless otherwise stated)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
A. Cash flow from operating activities		
Profit before tax	2,516.04	713.33
Contribution to employee stock option scheme	94.10	33.27
Depreciation, amortisation and impairment	128.57	135.20
Depreciation on right of use asset	18.68	18.62
Interest expense on lease liability	2.29	2.14
Interest on liability component of compulsorily convertible debentures	-	20.48
Loss/(profit) on sale of fixed assets (net)	(6.63)	0.52
Impairment on loan assets	4,462.77	999.98
EIR adjustment on financial instruments	(237.27)	252.75
Net gain on sale of mutual funds and certificate of deposits	(429.19)	(186.91)
Net (gain)/loss on fair value changes on investment	0.79	(1.96)
Operating profit before working capital changes	**6,550.05**	**1,987.42**
Movements in working capital:		
Increase in loans	(34,802.83)	(36,575.21)
Increase in investments	(12,748.62)	(4,723.95)
(Increase)/ decrease in receivables	(4.85)	276.11
(Increase)/ decrease in bank deposits	(306.09)	790.34
(Increase)/ decrease in other financial assets	(1,463.74)	229.45
(Increase) in other non-financial assets	(59.53)	(18.43)
Decrease/(increase) in payables	(278.65)	452.77
Increase/(decrease) in other financial liabilities	2,908.15	(209.51)
Increase in provisions	336.05	382.62
Increase in non-financial liabilities	531.78	30.01
Cash used in operations	**(39,338.28)**	**(37,378.38)**
Direct taxes paid (net of refunds)	(829.27)	(470.35)
Net cash flows used in operating activities (A)	**(40,167.55)**	**(37,848.72)**
B. Cash flow from investing activities		
Purchase of property, plant and equipment and intangible assets	(257.97)	(167.28)
Proceeds from sale of property, plant and equipment and intangible assets	43.06	0.84
Net cash flows used in investing activities (B)	**(214.91)**	**(166.44)**
C. Cash flow from financing activities		
Proceeds from issue of equity shares	-	14,685.46
Proceeds from debt securities	25,100.00	13,900.00
Repayment of debt securities	(8,057.53)	(4,714.79)
Proceeds from term loan borrowings	64,000.00	35,500.00
Repayment of term loan borrowings	(34,852.19)	(25,646.29)
Repayment of subordinated debt	-	(1,500.00)
Lease payments	(12.36)	(20.16)
Net cash flows from financing activities (C)	**46,177.92**	**32,204.22**
Net increase/ (decrease) in cash and cash equivalents (A+B+C)	**5,795.46**	**(5,810.95)**
Cash and cash equivalents at the beginning of the year	584.42	6,395.37
Cash and cash equivalents at the end of the year	**6,379.88**	**584.42**

Cash Flow Statement for the year ended 31 March 2021

(All amounts in ₹ lakhs unless otherwise stated)

Components of cash and cash equivalents

Cash and cash equivalents at the end of the year	As at 31 March 2021	As at 31 March 2020
i) Cash on hand	122.52	22.50
ii) Balances with banks (of the nature of cash and cash equivalents)	6,257.36	561.92
Total	**6,379.88**	**584.42**

See accompanying notes forming part of the financial statements.

As per our report of even date

For **Walker Chandiok & Co. LLP**
Chartered Accountants
Firm Registration No.: 001076N/N500013

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

Manish Gujral
Partner
Membership No. 105117
Mumbai
18 June 2021

Sachin Bansal
Managing Director and CEO
DIN: 02356346
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Bengaluru
18 June 2021

Srinivasan C V
Chief Financial Officer
Bengaluru
18 June 2021

Anup Kumar Gupta
Company Secretary
Bengaluru
18 June 2021

Statement of Changes in Equity for the year ended 31 March 2021

(All amounts in ₹ lakhs unless otherwise stated)

A. Equity share capital

Particulars	Number of shares	Amount
As at 01 April 2019	**2,45,34,518**	**2,453.45**
Changes in Equity share capital during the year	5,04,65,482	5,046.55
As at 31 March 2020	**7,50,00,000**	**7,500.00**
Changes in Equity share capital during the year	2,85,00,000	2,850.00
As at 31 March 2021	**10,35,00,000**	**10,350.00**

B. Other equity

Particulars	Equity component of compound financial instruments	Reserves and Surplus					Other comprehensive income	Total
		Securities premium account	Statutory reserve - Reserve fund u/s 45-IC of RBI Act 1934	Contribution to employee stock option scheme	Debenture redemption reserve	Retained earnings		
Balance as at 01 April 2019	-	3,488.37	259.17	40.60	-	(114.62)	20.69	3,694.21
Profit for the year	-	-	-	-	-	454.59	-	454.59
Other comprehensive income (net of tax)	-	-	-	-	-	-	(52.26)	(52.26)
Issue of compulsory convertible debentures	10,368.76							10,368.76
Issue of equity shares	-	9,638.91	-	-	-	-	-	9,638.91
Transfer to statutory reserves	-	-	90.92	-	-	(90.92)	-	-
Employee stock option compensation for the year	-	-	-	33.27	-	-	-	33.27
Transfer to other comprehensive income (net of tax)	-	-	-	-	-	52.26	-	52.26
Balance as at 31 March 2020	**10,368.76**	**13,127.28**	**350.09**	**73.87**	**-**	**301.31**	**(31.57)**	**24,189.74**
Profit for the year	-	-	-	-	-	2,286.16	-	2,286.16
Other comprehensive income (net of tax)	-	-	-	-	-	-	223.63	223.63
Issue of equity shares	(10,368.76)	8,272.17	-	-	-	-	-	(2,096.59)
Transfer to statutory reserves	-	-	457.23	-	-	(457.23)	-	-
Transfer to debenture redemption reserve	-	-	-	-	100.00	(100.00)		-
Employee stock option compensation for the year	-	-	-	94.10	-	-	-	94.10
Transfer to other comprehensive income (net of tax)	-	-	-	-	-	(223.63)	-	(223.63)
Balance as at 31 March 2021	**-**	**21,399.45**	**807.32**	**167.97**	**100.00**	**1,806.61**	**192.06**	**24,473.41**

See accompanying notes forming part of the financial statements.

As per our report of even date

For **Walker Chandiok & Co. LLP**
Chartered Accountants
Firm Registration No.: 001076N/N500013

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

Manish Gujral
Partner
Membership No. 105117
Mumbai
18 June 2021

Sachin Bansal
Managing Director and CEO
DIN: 02356346
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Bengaluru
18 June 2021

Srinivasan C V
Chief Financial Officer
Bengaluru
18 June 2021

Anup Kumar Gupta
Company Secretary
Bengaluru
18 June 2021

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

1. CORPORATE INFORMATION

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

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

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

The Company is treated as a Systemically Important Non-Banking Financial Company – Micro Finance Institutions(MFIs) as the assets size of the group (consolidated assets size of the Company and its Holding Company put together) exceeded ₹ 500 crores in the month of September 2018 (by virtue of RBI Master direction RBI/DNBR/2016-17/45 Master Direction DNBR. PD. 008/03.10.119/2016-17 dated 01 September 2016).

2. BASIS OF PREPARATION

a) Basis of measurement

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

These financial statements have been prepared in accordance with the Indian Accounting Standards ('Ind AS') notified under section 133 of the Companies Act, 2013 ("the Act") read with Companies (Indian Accounting Standards) Rules,2015,as amended from time to time, RBI directions to NBFCs and Division III to Schedule III of the Act. The Company has adopted Ind AS from April 1, 2019. Accounting policies have been consistently applied except where a newly issued Accounting standard is initially adopted or a revision to an existing Accounting standard requires a change in the Accounting policy hitherto in use.

b) Novel Corona Virus (COVID-19)

The Novel Corona Virus (COVID-19) pandemic (declared as such by the World Health Organisation on 11 March 2020), has impacted global and Indian business in terms of growth and volatility, leading to a significant decline in economic activity. On 24 March 2020, the Government of India announced a nation-wide lockdown till 14 April 2020, which was further extended till 31 May 2020. This has led to a near standstill situation of business other than essential services.

The pandemic induced lockdown has impacted Company's regular operations due to shutting down of our offices across all locations including Head office. While the Business Continuity Plan ("BCP") was triggered immediately on announcement of lock down and all employees have worked from home, lending and collection activities were suspended during the lock down period. However, the BCP of the Company enabled its employees to perform key obligations of the Company such as repayments to lenders, payment of salaries to employees, payment of administrative expenses, etc.

Pursuant to the Reserve Bank of India circular dated 27 March 2020 the Company had extended moratorium to its eligible customers (for their instalments falling due between 1st March to 31 May 2020) as per its COVID policy approved by the Board and published in its website, wherein the customers have the option to avail moratorium on their instalments. The Company further amended its COVID policy when the second announcement on moratorium was made by the RBI on 23 May 2020 allowing lending institutions to extend moratorium to borrowers for a further period up to 31 August 2020, wherein the Company has extended such moratorium on a case to case basis based on its assessment of the customer.

The Company's mission is to provide micro finance to low income rural population and accordingly has a portfolio with major composition of its borrowers from rural geographies, where the impact of COVID-19 has been relatively lower. In addition, the Government has announced a series of economic relief measures for rural India, which is expected to support rural borrower's repayment capacity.

Pursuant to the order issued by the Ministry of Home Affairs on 15 April 2020 allowing microfinance companies to start operations, the Company resumed operations by complying with the regulatory guidelines on businesses,

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

social distancing and other prescribed norms. Our employees have started to meet and collect instalments from those borrowers willing to repay, since the resumption of operations. Based on the recent trends in collection, the management is confident that collections will continue to improve from July 2020, and the improvement of this trend will continue in the coming months. Further the Company has started loan disbursal from mid of June 2020 demonstrating ability to bounce back to normal operation.

In management's view, providing moratorium to borrowers by itself is not considered to result in a significant increase in credit risk ("SICR") for such borrowers. However, the extent to which the COVID-19 pandemic will impact the Company's results will depend on future developments, which are highly uncertain, including, among other things, any new development concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact. Given these uncertainties over the potential macro-economic condition, the impact of the global health pandemic may be different from that estimated as at the date of approval of these financial results.

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

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

The Company has recognized provisions as on 31 March 2021, towards its loan assets to the extent of ₹ 6,669.39 Lakhs (as at 31 March 2020 ₹ 2,069.57 lakhs) which includes an additional provision of ₹ 1,522.80 Lakhs (as at 31 March 2020 ₹ 1,119.81 lakhs) for impact of COVID-19 second wave, based on the information available at this point of time including economic forecasts, in accordance with the expected credit loss method. The Company believes that it has considered all the possible impact of the known events arising out of COVID-19 pandemic in the preparation of financial results.

The Company has assessed the impact of the pandemic on its liquidity and ability to fulfil its obligations as and when they are due and has evaluated the asset-liability maturity (ALM) pattern in various time buckets as prescribed under the guidelines issued by the RBI. The Company's liquidity position over the next 12 months from the end of reporting period based on current liquidity position and considering various scenarios, the management is confident that the Company will be able to fulfil its obligations as and when these become due as per the maturity periods. The management has considered various matters such as stimulus packages announced by the Government of India expected to benefit directly or indirectly NBFC-MFI's as well. Based on its assessment, the Company is of the opinion that, there will not be a situation warranting an availment of moratorium from its lenders and accordingly has decided not to avail the same as stated in the Board approved COVID policy. It is important to note that the Company is able to raise debt funds even during the pandemic and at best possible terms. CRISIL had assigned A- rating during the lock down and ICRA has upgraded the rating to BBB+ and the Company is holding adequate liquidity (including undrawn sanctioned facilities). The Company has also converted its compulsorily convertible debentures of ₹ 11,400 lakhs to equity share capital during May 2020.

c) Presentation of financial statements

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

i. The normal course of business

ii. The event of default

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

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

The Company's presentation and functional currency is Indian Rupees. All figures appearing in the financial

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

statements are rounded to the nearest Lakhs, unless otherwise indicated.

d) Statement of compliance

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

The financial statements for the year ended 31 March 2021 were authorised and approved for issue by the Board of Directors on 18 June 2021.

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.

3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared using the significant accounting policies and measurement bases 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.

Subsequent measurement

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 (debt instruments e.g. loans) are measured at FVOCI when both of the following conditions are met –

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

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

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

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

iii. Investments in mutual funds

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

iv. Financial assets measured at FVPL

FVPL 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.

Derecognition 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

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asset have expired, or when the financial asset and substantially all the risks and rewards are transferred. Further, if the Company has not retained control, it shall also de-recognise the financial asset and recognise separately as assets or liabilities any rights and obligations created or retained in the transfer.

De-recognition of financial liabilities

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

Compound financial instruments

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

Offsetting of financial instruments

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

v. Impairment of financial assets

Overview of the Expected Credit Loss (ECL) principles

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

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

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

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

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

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

Stage 1

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

Stage 2

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

Stage 3

All exposures assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred are classified in this stage. For exposures that have become credit impaired, a lifetime ECL is recognised and interest revenue is calculated by applying the effective interest rate to the amortised

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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 50.1.5.

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 50.1.5

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 50.1.5

Forward looking information

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

vi. Write-offs

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

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would use when pricing the asset or liability, if market participants act in their economic best interest.

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

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

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

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

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

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

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

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

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

3.2 Revenue from operations

i. Recognition of interest income

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

The EIR in case of a financial asset is computed

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

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

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

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

ii. Dividend Income

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

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

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c. the amount of the dividend can be measured reliably

iii. Fees & Commission Income

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

iv. Income from assignment transactions

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

v. Recoveries of financial assets written off

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

vi. Miscellaneous income

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

3.3 Expenses

i. Finance costs

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

The EIR in case of a financial liability is computed

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

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

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

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

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

ii. Retirement and other employee benefits

Short term employee benefits

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

Post-employment employee benefits

a) Defined contribution schemes

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

b) Defined Benefit schemes

Gratuity

The Company provides for gratuity covering eligible employees under which a lumpsum 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.

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

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

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

Other long-term employee benefits

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

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

iii. Leases

Identification of Lease:

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

For arrangements entered into prior to April 01, 2018 the Company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

Recognition of lease payments:

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

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

iv. Other income and expenses

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

v. Impairment of non-financial assets

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

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interpretation and establishes provisions where appropriate.

Deferred tax

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

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

3.4 Cash and cash equivalents

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

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

3.5 Property, plant and equipment

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

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

Depreciation and amortization

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

Property, plant and equipment:

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

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.

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.

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

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

3.7 Provisions

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

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

3.8 Contingent liabilities

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

3.9 Earnings per share

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

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

3.10 Cash flow statement

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

3.11 Compound financial instruments

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

3.12 Segment reporting

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

3.13 Significant accounting judgements, estimates and assumptions

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

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

Notes forming part of the Financial Statements

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a) Business model assessment

Classification and measurement of financial assets depends on the results of the 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.

b) 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.

c) 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.

d) Contingent liabilities and provisions other than impairment on loan portfolio

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

e) Effective Interest Rate (EIR) method

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

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

f) Other estimates:

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

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4 Cash and cash equivalents

Particulars	As at 31 March 2021	As at 31 March 2020
Cash on hand	122.52	22.50
Balances with banks and financial institutions		
- Balance with banks in current accounts	2,257.36	561.92
- Bank deposit with original maturity less than 3 months	4,000.00	-
Total	**6,379.88**	**584.42**

(i) There are no repatriation restrictions with respect to cash and cash equivalents as at the end of the reporting year and prior years.

5 Bank balance other than cash and cash equivalents

Particulars	As at 31 March 2021	As at 31 March 2020
Balance with banks and financial institutions to the extent held as margin money deposits against borrowings*	1,712.01	1,405.92
Total	**1,712.01**	**1,405.92**

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

Particulars	As at 31 March 2021	As at 31 March 2020
Term loans	1,712.01	1,405.92
Total	**1,712.01**	**1,405.92**

6 Other receivables (at amortised cost)

Particulars	As at 31 March 2021	As at 31 March 2020
Receivable from related party considered good- unsecured	4.85	-
Total	**4.85**	**-**
Less: Impairment loss allowance	-	-
Total	**4.85**	**-**

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

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7 Loans (at amortised cost)

Particulars	As at 31 March 2021			As at 31 March 2020		
	Amortised cost	At fair value through OCI	Total	Amortised cost	At fair value through OCI	Total
Term loans						
Secured - Mortgage housing loans	806.16	-	806.16	77.03	-	77.03
Secured - Small Business Loans	62.18	-	62.18	-	-	-
Secured - Livestock Loan	151.37	-	151.37	-	-	-
Secured - Two wheeler loans	-	-	-	2.51	-	2.51
Unsecured - Joint liability loans	97,873.78	20,923.23	1,18,797.01	84,849.02	-	84,849.02
Total (A) - Gross	**98,893.49**	**20,923.23**	**1,19,816.72**	**84,928.56**	**-**	**84,928.56**
Less : Impairment loss allowance	(6,291.79)	(375.96)	(6,667.74)	(2,069.56)	-	(2,069.56)
Total (A) - Net	**92,601.70**	**20,547.27**	**1,13,148.98**	**82,859.00**	**-**	**82,859.00**
Others - Loans to employees						
Unsecured	46.71	-	46.71	36.83	-	36.83
Total (B) - Gross	**46.71**	**-**	**46.71**	**36.83**	**-**	**36.83**
Less : Impairment loss allowance	(1.62)	-	(1.62)	(5.06)	-	(5.06)
Total (B) - Net	**45.09**	**-**	**45.09**	**31.77**	**-**	**31.77**
Total loans (A+B) - Net	**92,646.79**	**20,547.27**	**1,13,194.07**	**82,890.77**	**-**	**82,890.77**
Loans in India						
Public sector	-	-	-	-	-	-
Others	98,940.20	20,923.23	1,19,863.43	84,965.39	-	84,965.39
Total - Gross	**98,940.20**	**20,923.23**	**1,19,863.43**	**84,965.39**	**-**	**84,965.39**
Less : Impairment loss allowance	(6,293.41)	(375.96)	(6,669.36)	(2,074.62)	-	(2,074.62)
Total - Net	**92,646.79**	**20,547.27**	**1,13,194.07**	**82,890.77**	**-**	**82,890.77**

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 42.1 Credit Risk (Impairment assessment).

Particulars	As at 31 March 2021				As at 31 March 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Internal rating grade								
Performing								
Standard grade - No over due	1,09,596.06	-	-	1,09,596.06	82,851.48	-	-	82,851.48
Standard grade - DPD 1 to 30	3,243.14	-	-	3,243.14	1,155.80	-	-	1,155.80
Standard grade - DPD 31 to 60	-	1,198.33	-	1,198.33	-	141.36	-	141.36
Standard grade - DPD 61 to 89	-	911.90	-	911.90	-	124.80	-	124.80
Non- performing								
Sub-standard grade - DPD > 89	-	-	4,914.00	4,914.00	-	-	691.95	691.95
Total	**1,12,839.20**	**2,110.23**	**4,914.00**	**1,19,863.43**	**84,007.28**	**266.16**	**691.95**	**84,965.39**

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

7 Loans (at amortised cost)

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

Particulars	FY 2020-21				FY 2019-20			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount -opening balance	84,007.28	266.16	691.95	84,965.39	47,403.83	39.02	1,187.73	48,630.58
New assets originated*	97,905.29	114.44	200.65	98,220.38	79,810.66	180.18	151.08	80,141.93
Movement between stages								
Transferring from Stage 1	(9,101.32)	3,839.39	5,261.93	-	(875.19)	317.92	557.27	-
Transferring from Stage 2	15.72	(159.96)	144.24	-	0.08	(17.25)	17.17	-
Transferring from Stage 3	0.27	0.40	(0.67)	-	0.16	0.59	(0.75)	-
Assets repaid, derecognized and written off	(59,988.05)	(1,950.20)	(1,384.10)	(63,322.35)	(42,332.26)	(254.30)	(1,220.55)	(43,807.12)
Gross carrying amount-closing balance	**1,12,839.19**	**2,110.23**	**4,914.00**	**1,19,863.42**	**84,007.28**	**266.16**	**691.95**	**84,965.39**

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

Reconciliation of ECL balance is given below:

Particulars	FY 2020-21				FY 2019-20			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Impairment allowance - opening balance	1,656.79	55.11	362.72	2,074.61	331.85	7.64	735.15	1,074.64
New assets originated*	1,726.42	18.69	131.95	1,877.05	1,571.93	36.94	90.97	1,699.84
Movement between stages								
Transfers to Stage 1	(205.67)	83.11	122.56	-	(6.11)	2.21	3.90	-
Transfers to Stage 2	3.11	(32.06)	28.95	-	-	(3.13)	3.13	-
Transfers to Stage 3	0.17	0.26	(0.44)	-	0.05	0.06	(0.11)	-
Additional provision created during the year/(Assets repaid, derecognized and written off)	(1,096.57)	618.30	3,195.97	2,717.70	(240.93)	11.39	(470.32)	(699.86)
Impairment allowance - closing balance	**2,084.25**	**743.41**	**3,841.71**	**6,669.36**	**1,656.79**	**55.11**	**362.72**	**2,074.62**

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

The Company has recognized provisions as on 31 March 2021, towards its loan assets to the extent of ₹ 6,669.36 lakhs which includes an additional provision of ₹ 1,522.80 lakhs for impact of COVID-19 second wave, based on the information available at this point of time including economic forecasts, in accordance with the expected credit loss method. The Company believes that it has considered all the possible impact of the known events arising out of COVID-19 pandemic in the preparation of financial statements.

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

8 Investments

Particulars	As at 31 March 2021	As at 31 March 2020
a) Mutual funds	9,000.40	4,912.82
b) Debt securities	2,526.44	-
c) Pass through certificates (unquoted)	6,563.24	-
Total Gross (A)	**18,090.08**	**4,912.82**
i) Investments outside India	-	-
ii) Investments in India	18,090.08	4,912.82
Total Gross (B)	**18,090.08**	**4,912.82**
Less : Allowance for impairment loss (C)	(0.12)	-
Total - Net D = (A) - (C)	**18,089.96**	**4,912.82**

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

Particulars	As at 31 March 2021	As at 31 March 2020
269,568 units in Aditya Birla Sun Life Money Overnight Fund - Growth - (Direct Plan) (31 March 2020 : 176,016 units)	3,000.12	1,901.40
273,255 units in Kotak Overnight Fund - Growth - (Direct Plan) (31 March 2020 : 103,727 units)	3,000.12	1,105.59
2,703,291 units in ICICI Overnight Fund DP Growth (31 March 2020 : Nil)	3,000.16	-
HDFC Overnight Fund -Growth - (Direct Plan) (31 March 2020 : 30,335 units)	-	900.69
IDFC Overnight Fund - Growth - (Direct Plan) (31 March 2020 : 94,312 units)	-	1,005.14
Total	**9,000.40**	**4,912.82**

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

Particulars	As at 31 March 2021	As at 31 March 2020
Debentures (unquoted)	1,517.32	-
Commercial Paper (unquoted)	1,009.12	-
Total	**2,526.44**	**-**

c) Investments in Pass through certificates (unquoted) (Designated at amortised cost)

Particulars	As at 31 March 2021	As at 31 March 2020
In Pass Through Certificates (PTC) representing securitisation of loan receivables	6,563.24	-
Total - Gross	**6,563.24**	**-**
Less : Impairment loss allowance	(0.12)	-
Total - Net	**6,563.12**	**-**

9 Other financial assets

Particulars	As at 31 March 2021	As at 31 March 2020
Security rental deposits (unsecured, considered good)	85.41	72.97
Insurance recoverable	212.46	96.71
Less : Impairment on insurance recoverable	(79.75)	(3.43)
EIS receivable on assignment	1,471.23	113.75
Other recoverables	178.59	124.20
Less : Impairment on other recoverables	(86.22)	(86.22)
Total	**1,781.72**	**317.98**

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

10 Deferred tax assets (net)

Particulars	As at 31 March 2021	As at 31 March 2020
(A) Deferred tax assets		
Provision for employee benefits	142.99	235.06
Difference in written down value as per books and Income Tax Act	36.57	35.89
Impairment allowance for loans	1,602.98	520.87
Impairment allowance for other receivables	43.49	27.02
Financial assets measured at amortised cost	230.49	149.46
Employee stock option scheme expense	-	11.30
Others	6.80	-
Total deferred tax assets	**2,063.32**	**979.60**
(B) Deferred tax liabilities		
Financial liabilities measured at amortised cost	112.20	64.41
Deferment of upfront EIS and servicing obligation recorded for assignment	317.09	18.93
Fair value change of loans through other comprehensive income	70.77	-
Others	-	0.73
Total deferred tax liabilities	**500.06**	**84.07**
Net deferred tax asset	**1,563.26**	**895.53**

(i) Movement in deferred tax assets (net)

Particulars	As at 31 March 2020	(Charged)/ credited to statement of profit and loss	(Charged)/ credited to other comprehensive income	Charged to equity	As at 31 March 2021
(A) Deferred tax assets					
Provision for employee benefits	235.06	(87.63)	(4.44)	-	142.99
Difference in written down value as per Companies Act and Income Tax Act	35.89	0.68	-	-	36.57
Impairment allowance for loans	520.87	1,082.11	-	-	1,602.98
Impairment allowance for other receivables	27.02	16.47	-	-	43.49
Financial assets measured at amortised cost	149.46	81.03	-	-	230.49
Employee stock option scheme expense	11.30	(11.30)	-	-	-
Others	-	6.80	-	-	6.80
Total deferred tax assets	**979.60**	**1,088.16**	**(4.44)**	**-**	**2,063.32**
(B) Deferred tax liabilities					
Financial liabilities measured at amortised cost	64.41	47.79	-	-	112.20
Deferment of upfront EIS and servicing obligation recorded for assignment	18.93	298.15	-	-	317.09
Fair value change of loans through other comprehensive income	-	-	70.77	-	70.77
Others	0.73	(0.73)	-	-	-
Total deferred tax liabilities	**84.07**	**345.21**	**70.77**	**-**	**500.06**
Net deferred tax asset	**895.53**	**742.95**	**(75.21)**	**-**	**1,563.26**

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

10 Deferred tax assets (net) (Contd..)

(i) Movement in deferred tax assets (net) (Contd..)

Particulars	As at 31 March 2019	(Charged)/ credited to statement of profit and loss	(Charged)/ credited to other comprehensive income	Charged to equity	As at 31 March 2020
(A) Deferred tax assets					
Provision for employee benefits	137.45	80.04	17.57	-	235.06
Difference in written down value as per Companies Act and Income Tax Act	29.04	6.85	-	-	35.89
Impairment allowance for loans	281.53	239.34	-	-	520.87
Impairment allowance for other receivables	-	27.02	-	-	27.02
Financial assets measured at amortised cost	98.35	51.11	-	-	149.46
Employee stock option scheme expense	11.30	-	-	-	11.30
Others	55.56	(55.56)	-	-	-
Total deferred tax assets	**613.23**	**348.80**	**17.57**	**-**	**979.60**
(B) Deferred tax liabilities					
Financial liabilities measured at amortised cost	18.76	45.65	-	-	64.41
Deferment of upfront EIS and servicing obligation recorded for assignment	68.26	(49.33)	-	-	18.93
Fair value change of loans through other comprehensive income	-	-	-	-	-
Others	-	0.73	-	-	0.73
Total deferred tax liabilities	**87.02**	**(2.95)**	**-**	**-**	**84.07**
Net deferred tax asset	**526.21**	**351.75**	**17.57**	**-**	**895.53**

11 Property, plant and equipment

Particulars	Computer and accessories	Furniture and fixtures	Vehicles	Electrical equipment	Office equipment	Total
Gross block						
As at 01 April 2019	**289.01**	**138.05**	**147.38**	**-**	**94.48**	**668.92**
Additions	70.97	52.43	-	1.54	41.17	166.11
Reversal on disposal of assets	6.97	-	3.35	-	0.15	10.47
As at 31 March 2020	**353.01**	**190.48**	**144.03**	**1.54**	**135.50**	**824.56**
Additions	87.90	29.58	-	0.11	44.67	162.26
Reversal on disposal of assets	1.29	-	142.50	-	-	143.79
As at 31 March 2021	**439.62**	**220.06**	**1.53**	**1.63**	**180.17**	**843.03**
Accumulated depreciation and impairment						
As at 01 April 2019	**213.76**	**76.17**	**85.03**	**-**	**47.60**	**422.56**
Charge for the year	67.07	21.92	19.34	0.33	19.12	127.78
Reversal on disposal of assets	6.87	-	2.16	-	0.08	9.11
As at 31 March 2020	**273.96**	**98.09**	**102.21**	**0.33**	**66.64**	**541.23**
Charge for the year	64.82	25.77	5.47	0.32	24.27	120.65
Reversal on disposal of assets	1.00	-	106.35	-	-	107.36
As at 31 March 2021	337.78	123.86	1.33	0.65	90.91	554.52
Net carrying amount as at 31 March 2020	**79.05**	**92.39**	**41.82**	**1.21**	**68.86**	**283.33**
Net carrying amount as at 31 March 2021	**101.84**	**96.20**	**0.20**	**0.98**	**89.26**	**288.51**

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

12 Other intangible assets

Particulars	Computer software
Gross block	
As at 01 April 2019	**61.80**
Additions	1.17
Reversal on disposal of assets	-
As at 31 March 2020	**62.97**
Additions	86.02
Reversal on disposal of assets	38.84
As at 31 March 2021	110.15
Accumulated amortisation and impairment:	
As at 01 April 2019	**47.83**
Charge for the year	7.42
Reversal on disposal of assets	-
As at 31 March 2020	**55.25**
Charge for the year	7.92
Reversal on disposal of assets	38.84
As at 31 March 2021	24.33
Net carrying amount as at 31 March 2020	**7.72**
Net carrying amount as at 31 March 2021	85.82

13 Other non-financial assets

Particulars	As at 31 March 2021	As at 31 March 2020
Prepaid expenses	73.92	28.86
Advance to suppliers and others	66.58	52.17
Advance to staff	12.30	12.24
Income tax paid under dispute	26.15	26.15
Total	178.95	**119.42**

14 Trade payables

Particulars	As at 31 March 2021	As at 31 March 2020
Total outstanding dues of micro enterprises and small enterprises	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	237.31	118.65
Total	237.31	**118.65**

15 Other payables

Particulars	As at 31 March 2021	As at 31 March 2020
Total outstanding dues of micro enterprises and small enterprises	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	53.83	451.15
Total	53.83	**451.15**

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

16 A. Debt securities secured (at amortised cost)

Particulars	As at 31 March 2021	As at 31 March 2020
Redeemable non-convertible debentures - Secured and listed	22,215.50	6,875.10
Redeemable non-convertible debentures - Secured and unlisted	4,946.11	3,290.34
Total (A)	**27,161.61**	**10,165.44**

B. Debt securities unsecured (at amortised cost)

Particulars	As at 31 March 2021	As at 31 March 2020
Liability component of compound financial instruments*	-	879.94
Redeemable non-convertible debentures - Unsecured and unlisted	2,497.01	2,492.81
Total (B)	**2,497.01**	**3,372.76**
Total debt securities (A+B)	**29,658.62**	**13,538.20**
Debt securities in India	29,658.62	13,538.20
Debt securities outside India	-	-
Total	**29,658.62**	**13,538.20**

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

Particulars	As at 31 March 2021	As at 31 March 2020
Secured		
Term loan from Banks - Secured	40,840.66	26,402.18
Term loan from Financial Institutions -Secured	26,676.23	12,010.35
Lease liabilities	15.20	25.28
Total	**67,532.09**	**38,437.81**
Borrowings in India	67,532.09	38,437.81
Borrowings outside India	-	-
Total	**67,532.09**	**38,437.81**

18 Subordinated liabilities (at amortised cost)

Particulars	As at 31 March 2021	As at 31 March 2020
Preference shares other than those qualify as equity *	-	-
Non-convertible debentures **	1,988.86	1,983.49
Term loans from Banks/Financial Institutions	1,994.72	1,993.64
Total	**3,983.58**	**3,977.13**
Subordinated debts in India	3,983.58	3,977.13
Subordinated debts outside India	-	-
Total	**3,983.58**	**3,977.13**

*During the year ended 31 March 2020, the Company allotted 11,400, Unsecured, Unrated, Unlisted, Irredeemable, Compulsory Convertible Debentures ("CCD") of face value of ₹100,000 each fully paid-up for cash.

Each debenture is convertible into equivalent number of equity shares of the Company of ₹10 each at the option of allottee within a time frame not exceeding 12 months from the date of allotment or subject to redemption by the Company at the end of such time frame and on such terms and conditions, as may be deemed appropriate by the Board of Directors.

The Company has measured this as compound financial instruments and accordingly, an equity and liability component has been recognised.

"** During the year ended 31 March 2021, the Company has allotted 28,500,000 equity shares of ₹10 each at an issue price of ₹40 per share including a premium of ₹30 per share on conversion of 11,400 Compulsory Convertible Debenture of face value of ₹100,000 each fully paid-up to Navi Finserv Private Limited (Formerly known as Chaitanya Rural Intermediation Development Services Private Limited).

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

18. 1 Terms of debentures (secured) (at amortised cost)

Terms of debentures	Number of debentures		Face value in ₹	Amount	
	As at 31 March 2021	As at 31 March 2020		As at 31 March 2021	As at 31 March 2020
12.40% Secured, Rated, Listed, Redeemable, Transferable, Non-Convertible Debentures dated 22 June 2017 with Call / Put option with exercise date on 29 June 2021. Redeemable on maturity if option not exercised or communication for roll-over received from lender.	250.00	250.00	10,00,000	2,500.00	2,500.00
14.50% Rated, Senior, Unsecured, Unlisted, Redeemable, Transferable, Principal Protected Market linked Non-Convertible Debentures dated 10 May 2018	2,000.00	2,000.00	1,00,000	2,000.00	2,000.00
14.50% Senior Unsecured, Rated, Listed, Transferable, Redeemable, Non-Convertible Debentures dated 11 February 2016	50.00	50.00	10,00,000	500.00	500.00
17.00% Subordinated, Rated, Listed, Unsecured, Redeemable, Transferable, Non-Convertible Debentures dated 11 February 2016	50.00	50.00	10,00,000	500.00	500.00
14.50% Subordinated, Rated, Listed, Unsecured, Redeemable, Taxable, Non-Convertible Debentures dated 29 December 2016	15,00,00,000	15,00,00,000	1	1,500.00	1,500.00
11.80% Secured Senior, Rated, Listed, Redeemable non-convertible debentures dated 08 June 2020	150.00	-	10,00,000	1,500.00	-
"11.04% Secured Senior, Rated, Listed, Redeemable non-convertible debentures dated 01 July 2020	500.00	-	10,00,000	5,000.00	-
9.90% Secured Senior, Rated, Listed, Redeemable non-convertible debentures dated 30 September 2020	300.00	-	9,23,000	2,769.00	-
10.25% Secured, Rated, Listed, Redeemable non-convertible debentures dated 19 November 2020	500.00	-	10,00,000	5,000.00	-
9.35% Secured Senior, Rated, Listed, Redeemable non-convertible debentures dated 15 December 2020	2,500.00	-	1,00,000	2,500.00	
10.00% Senior, Secured, Rated, Listed, Redeemable, Transferable, Principal Protected Market Linked Non-Convertible dated 01 February 2021	3,100.00	-	1,00,000	3,100.00	-
9.32% Rated, Unlisted, Senior, Secured, Redeemable, Taxable, Transferable, non-convertible debentures dated 30 March 2021	500.00	-	10,00,000	5,000.00	-
12.90% Secured, Rated, Unlisted, Redeemable, Non-Convertible Debentures dated 01 August 2017	-	330.00	10,00,000	-	3,300.00
13.09% Secured, Rated, Listed, Redeemable, Transferable, Non-Convertible Debentures dated 29 October 2018 with Call / Put option at the end of 24 months from the exercise date. Redeemable on maturity if option not exercised or communication for roll-over received from lender	-	220.00	10,00,000	-	2,200.00

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

18. 1 Terms of debentures (secured) (at amortised cost) (Contd..)

Terms of debentures	Number of debentures		Face value in ₹	Amount	
	As at 31 March 2021	As at 31 March 2020		As at 31 March 2021	As at 31 March 2020
13.09% Secured, Rated, Listed, Redeemable, Transferable, Non-Convertible Debentures dated 29 October 2018 with Call / Put option at the end of 24 months from the exercise date. Redeemable on maturity if option not exercised or communication for roll-over received from lender	-	220.00	10,00,000	-	2,200.00
11.00% Unsecured, Unrated, Unlisted, Irredeemable, Convertible Debentures dated 10 February 2020	-	11,400.00	1,00,000	-	11,400.00

18.2 Terms of repayment of long term borrowings outstanding#

Maturity pattern of debt securities

Original Maturity of loan	Interest rate	Original maturity period	As at 31 March 2021 Amount	As at 31 March 2020 Amount
Monthly repayment schedule	8%-10%	Upto 2 years	5,269.00	-
	10%-12%	NA	-	-
	12%-15%	NA	-	-
	above 15%	NA	-	-
Quarterly repayment schedule	8%-10%	NA	-	-
	10%-12%	NA	-	-
	12%-15%	NA	-	-
	above 15%	NA	-	-
Half yearly repayment schedule	8%-10%	2 to 4 years	5,000.00	-
	10%-12%	NA	-	-
	12%-15%	NA	-	-
	above 15%	NA	-	-
Yearly repayment schedule	8%-10%	NA	-	-
	10%-12%	NA	-	-
	12%-15%	NA	-	-
	above 15%	NA	-	-
At the end of tenure / On demand	8%-10%	Upto 2 years	3,100.00	-
	10%-12%	Upto 2 years	5,000.00	879.94
	10%-12%	2 to 4 years	6,500.00	-
	12%-15%	2 to 4 years	2,000.00	5,300.00
	12%-15%	4 to 6 years	2,500.00	6,900.00
	12%-15%	More than 6 years	500.00	-
	above 15%	More than 6 years	-	500.00
Total			**29,869.00**	**13,579.94**

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

18.2 Terms of repayment of long term borrowings outstanding# (Contd..)

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

Original Maturity of loan	Interest rate	Original maturity period	As at 31 March 2021 Amount	As at 31 March 2020 Amount
Monthly repayment schedule	8%-10%	Upto 2 years	10,187.30	-
	8%-10%	2 to 4 years	3,032.00	2.17
	10%-12%	Upto 2 years	23,957.32	-
	10%-12%	2 to 4 years	67.04	12,091.66
	12%-15%	Upto 2 years	68.18	-
	12%-15%	2 to 4 years	3,045.29	10,192.88
	above 15%	NA	-	-
Quarterly repayment schedule	8%-10%	NA	-	-
	10%-12%	2 to 4 years	666.60	444.44
	10%-12%	4 to 6 years	-	-
	12%-15%	2 to 4 years	-	-
	12%-15%	4 to 6 years	-	-
	above 15%	NA	-	-
Half yearly repayment schedule	8%-10%	NA	-	-
	10%-12%	4 to 6 years	-	3,825.00
	12%-15%	NA	-	-
	above 15%	NA	-	-
Yearly repayment schedule	8%-10%	NA	-	-
	10%-12%	NA	-	-
	12%-15%	NA	-	-
	above 15%	NA	-	-
At the end of tenure / On demand	8%-10%	NA	-	-
	10%-12%	NA	-	-
	12%-15%	NA	-	-
	above 15%	NA	-	-
Total			**41,023.74**	**26,556.16**

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

Original Maturity of loan	Interest rate	Original maturity period	As at 31 March 2021 Amount	As at 31 March 2020 Amount
Monthly repayment schedule	8%-10%	Upto 2 years	2,500.00	-
	10%-12%	Upto 2 years	4,752.36	-
	10%-12%	2 to 4 years	2,500.00	4,500.00
	12%-15%	Upto 2 years	-	500.00
	12%-15%	2 to 4 years	-	3,120.52
	12%-15%	4 to 6 years	-	-
	above 15%	Upto 2 years	-	262.50
	above 15%	2 to 4 years	-	705.61
Quarterly repayment schedule	8%-10%	4 to 6 years	12,000.00	-
	10%-12%	NA	-	-
	12%-15%	2 to 4 years	625.00	2,958.50
	above 15%	2 to 4 years	-	-
	above 15%	4 to 6 years	-	-

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

18.2 Terms of repayment of long term borrowings outstanding# (Contd..)

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

Original Maturity of loan	Interest rate	Original maturity period	As at 31 March 2021 Amount	As at 31 March 2020 Amount
Half yearly repayment schedule	8%-10%	Upto 2 years	1,875.00	-
	10%-12%	2 to 4 years	2,475.00	-
	12%-15%	NA	-	-
	above 15%	NA	-	-
Yearly repayment schedule	8%-10%	NA	-	-
	10%-12%	NA	-	-
	12%-15%	NA	-	-
	above 15%	NA	-	-
At the end of tenure / On demand	8%-10%	NA	-	-
	10%-12%	NA	-	-
	12%-15%	NA	-	-
	above 15%	NA	-	-
Total			**26,727.36**	**12,047.13**

Maturity pattern of subordinated liabilities

Original Maturity of loan	Interest rate	Original maturity period	As at 31 March 2021 Amount	As at 31 March 2020 Amount
Monthly repayment schedule	8%-10%	NA	-	-
	10%-12%	Upto 2 years	-	-
	12%-15%	NA	-	-
	above 15%	NA	-	-
Quarterly repayment schedule	8%-10%	NA	-	-
	10%-12%	NA	-	-
	12%-15%	NA	-	-
	above 15%	NA	-	-
Half yearly repayment schedule	8%-10%	NA	-	-
	10%-12%	NA	-	-
	12%-15%	NA	-	-
	above 15%	NA	-	-
Yearly repayment schedule	8%-10%	NA	-	-
	10%-12%	NA	-	-
	12%-15%	NA	-	-
	above 15%	NA	-	-
At the end of tenure / On demand	8%-10%	NA	-	-
	10%-12%	NA	-	-
	12%-15%	More than 6 years	1,500.00	1,500.00
	above 15%	4 to 6 years	500.00	500.00
	above 15%	More than 6 years	2,000.00	2,000.00
Total			**4,000.00**	**4,000.00**

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

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

19 Other financial liabilities

Particulars	As at 31 March 2021	As at 31 March 2020
Interest accrued on borrowings	1,561.44	1,198.85
Insurance payables	37.74	137.68
Payable to employees	109.76	29.98
Payables towards assignment transactions	3,201.27	635.55
Total	**4,910.21**	**2,002.06**

20 Provisions

Particulars	As at 31 March 2021	As at 31 March 2020
For employee benefits		
Gratuity	264.30	248.30
Compensated absences	303.83	229.61
Incentives	300.88	283.91
Statutory bonus	371.28	172.14
ESOP	35.51	-
Others		
Other losses	6.85	12.64
Total	**1,282.65**	**946.60**

21 Other non-financial liabilities

Particulars	As at 31 March 2021	As at 31 March 2020
Statutory dues payable	228.12	190.35
Deferred income	211.35	38.52
Others	3.70	-
Total	**443.17**	**228.87**

22 Equity share capital

Particulars	As at 31 March 2021	As at 31 March 2020
EQUITY SHARE CAPITAL		
Authorised:		
103,500,000 equity shares of ₹ 10 each (31 March 2020: 75,000,000 equity shares of ₹ 10 each)	10,350.00	7,500.00
Total authorised capital	**10,350.00**	**7,500.00**
Issued, subscribed and fully paid up share capital		
Equity shares		
103,500,000 equity shares of ₹ 10 each fully paid-up (31 March 2020: 75,000,000 equity shares of ₹ 10 each)	10,350.00	7,500.00
Total equity share capital	**10,350.00**	**7,500.00**

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

22 Equity share capital (Contd..)

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 01 April 2019	**2,45,34,518**	**2,453.45**
Issued during the year	5,04,65,482	5,046.55
As at 31 March 2020	**7,50,00,000**	**7,500.00**
Issued during the year	2,85,00,000	2,850.00
As at 31 March 2021	**10,35,00,000**	**10,350.00**

During the year ended 31 March 2021, the authorised share capital of the Company was increased vide approval of equity shareholders from ₹ 7,500 lakhs divided into 75,000,000 equity shares of ₹ 10 each to ₹ 10,350 lakhs divided into 103,500,000 equity shares of ₹ 10 each.

During the year ended 31 March 2021, the Company has allotted 28,500,000 equity shares of ₹ 10 each at an issue price of ₹ 40 per share including a premium of ₹ 30 per share on conversion of 11,400 Compulsory Convertible Debenture of face value of ₹ 100,000 each fully paid-up to Navi Finserv Private Limited (Formerly known as Chaitanya Rural Intermediation Development Services Private Limited).

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)

Particulars	As at 31 March 2021		As at 31 March 2020	
	Number of shares	% holding	Number of shares	% holding
Navi Finserv Private Limited (formerly known as Chaitanya Rural Intermediation Development Services Private Limited) and its nominees	10,35,00,000	100.00%	7,50,00,000	100.00%
Total	**10,35,00,000**		**7,50,00,000**	

e. In respect of securities convertible into equity shares issued along with their earliest date of conversion and other related terms and conditions disclosed in note 18.

f. The information required to be disclosed that enables user of its financial statements to evaluate the its objectives, policies and process for managing capital is disclosed in note 40.

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

23 Other equity

Particulars	As at 31 March 2021	As at 31 March 2020
Statutory reserve (Pursuant to Section 45-IC of the RBI Act, 1934)		
Opening balance	350.09	259.17
Add: Transfer from retained earnings	457.23	90.92
Closing balance	**807.32**	**350.09**
Securities premium account		
Opening balance	13,127.28	3,488.37
Add : Securities premium credited on share issue	8,550.00	9,638.91
Less: Premium utilised	(277.83)	-
Closing balance	**21,399.45**	**13,127.28**
Equity component of compound financial instruments	**-**	**10,368.76**
Debenture redemption reserve		
Opening balance	-	-
Add: Transfer from retained earnings	100.00	-
Closing balance	**100.00**	**-**
Contribution to employee stock option scheme		
Opening balance	73.87	40.60
Add: Employee stock option compensation for the year	94.10	33.27
Less: Premium on exercise of stock options	-	-
Closing balance	**167.97**	**73.87**
Other comprehensive income		
Opening balance	(31.57)	20.69
Add: Transfer from Statement of Profit and Loss	298.84	(69.83)
Deferred tax on the above	(75.21)	17.57
Closing balance	**192.06**	**(31.57)**
Retained earnings		
Opening balance	301.31	(114.62)
Add : Net profit/(net loss) for the current year	2,286.16	454.59
Add / Less: Appropriations		
Transfer to statutory reserve as per Section 45-IC of The RBI Act, 1934	(457.23)	(90.92)
Transfer to Debenture redemption reserve	(100.00)	-
Other comprehensive income	(298.84)	69.83
Deferred tax on the above	75.21	(17.57)
Ind AS adjustment	-	-
Total appropriations	**(780.86)**	**(38.66)**
Retained earnings	**1,806.61**	**301.31**
Total Other equity	**24,473.41**	**24,189.74**

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.

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

23 Other equity (Contd..)

Debenture redemption reserve (DRR): The Company has created DRR of ₹ 100 lakhs during the year ended March 31, 2021. The Company subsequent to the year end has deposited a sum of ₹ 100 lakhs in the form of fixed deposits with scheduled banks, representing 2% of the debenture issued to State Bank of India under TLTRO Scheme. This reserve will be transferred to retained earnings on redemption of the above mentioned non convertible debentures.

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

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

Other comprehensive income: Re-measurement of the net defined benefit liability/(asset) comprises actuarial gain and losses.

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.

24 Interest income (On financial assets measured at amortised cost)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Interest income on loans	20,668.60	15,776.28
Interest income - others	324.53	174.65
Total	**20,993.13**	**15,950.93**

25 Fee and commission income

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Service fee on securitised/assigned loans	-	328.69
Income from business correspondent operations	207.86	638.57
Other commission	128.86	85.64
Total	**336.72**	**1,052.90**

26 Net gain on fair value changes

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
(A) Net gain on financial instruments at fair value through profit or loss		
- **Investments**		
Gain on sale of mutual funds	227.34	186.91
Gain on fair valuation of investment in mutual funds	(0.79)	1.96
- Others	-	-
Total	**226.55**	**188.87**
Fair value changes:		
- Realised	227.34	186.91
- Unrealised	(0.79)	1.96
Total	**226.55**	**188.87**

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

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

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Gain on sale of loan portfolio through assignment	1,809.25	324.47
Total	**1,809.25**	**324.47**

28 Other income

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Profit on sale of property, plant and equipment	6.63	-
Miscellaneous income	1.84	0.26
Total	**8.47**	**0.26**

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

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Interest on debt securities		
- Debentures	2,497.70	2,495.23
- Compulsory convertible debenture	14.33	20.48
Interest on borrowings (other than debt securities)	4,693.83	4,123.66
Interest on preference shares	-	167.94
Interest on inter corporate loans	6.60	43.93
Interest on income tax	91.95	10.93
NCD expenses	258.36	24.59
Assignment expense	20.23	163.73
Other costs	83.25	-
Interest on lease liability	2.29	2.13
Total	**7,668.54**	**7,052.62**

30 Impairment of financial assets (On financial assets measured at amortised cost)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Portfolio loans written off	689.53	893.23
Other receivables written off	-	22.11
Impairment allowance/(reversal) on portfolio loans	4,462.77	999.98
Impairment loss allowance on other receivable	76.18	102.18
Impairment allowance on investments	0.12	-
Total	**5,228.60**	**2,017.50**

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

31 Employee benefits expenses

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Salaries, other allowance and bonus	4,989.41	4,757.19
Contribution to provident and other funds	348.63	275.54
Share based payment to employees	129.62	33.27
Compensated absences	82.79	68.94
Gratuity expenses	92.94	76.85
Staff welfare expenses	178.37	148.69
Total	**5,821.76**	**5,360.48**

32 Depreciation, amortisation and impairment

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Depreciation of tangible assets	120.65	127.78
Amortisation of intangible assets	7.92	7.42
Depreciation of Right of Use assets	18.68	18.62
Total	**147.25**	**153.82**

33 Other expenses

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Rent	307.20	228.92
Electricity charges	40.01	34.86
Rates and taxes	46.71	179.38
Repairs and maintenance	35.99	116.36
Communication costs	129.17	114.88
Printing and stationery	78.17	126.49
Meeting and training expenses	25.72	102.60
Membership fee and subscription	26.94	17.05
Directors' sitting fees	30.74	13.60
Auditor fees and expenses*	17.27	23.10
Legal and professional charges	279.06	234.81
Travelling and conveyance	668.45	803.88
Other administrative expenses	110.42	99.79
Advertisement and publicity	4.20	20.41

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

33 Other expenses (Contd..)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Insurance	19.76	2.93
Bank Charges	136.02	100.02
Software Expenses	31.94	-
Corporate Social Responsibility expense	4.16	0.60
Total	**1,991.93**	**2,219.68**

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

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
As Auditor:		
- Audit fees	13.63	19.50
- Tax audit fees	2.18	2.00
- Out of pocket expenses	0.96	1.10
In any other manner:		
- Certification	0.50	0.50

34 Tax expense

The components of income tax expense for the year ended 31 March 2021 and 31 March 2020 are:

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Current tax	1,261.46	558.23
Adjustment in respect of current income tax of prior years	(65.00)	-
Deferred tax relating to origination and reversal of temporary differences	(742.95)	(351.75)
Tax expense reported in the Statement of Profit and Loss	**453.51**	**206.48**

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% (31 March 2020: 25.17%) and the reported tax expense in statement of profit and loss are as follows:

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Accounting profit before tax	2,516.04	713.33
Income tax rate	25.17%	25.17%
Expected tax expense	633.24	179.53
Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense		
Adjustment for tax pertaning to the prior years	(65.00)	-
Tax impact of expenses which is non deductible	11.35	54.70
Tax impact on deductions allowed under income tax	(118.79)	-
Impact of change in tax rates	-	50.16
Others	(7.28)	(77.91)
Income tax expense reported in the statement of profit and loss	**453.51**	**206.48**

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

35 Earnings per share

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Net profit for the year for basic EPS	**2,062.53**	**506.85**
Dilutive impact of compulsorily convertible debentures	-	15.33
Net profit for the year for diluted EPS	**2,062.53**	**522.18**
Nominal value of equity share (in rupees)	10.00	10.00
Weighted-average number of equity shares for basis earnings per share	**10,02,98,630.14**	**4,57,68,627.91**
Effect of dilution:		
Compulsory convertible debentures	-	39,71,311.48
Weighted-average number of equity shares used to compute diluted earnings per share	**10,02,98,630.14**	**4,97,39,939.39**
Basic earnings per equity share (in rupees)	2.06	1.11
Diluted earnings per equity share (in rupees)	2.06	1.05

36 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 ₹ 329.46 lakhs for the year ended 31 March 2021(31 March 2020: ₹ 249.09 lakhs) for Provident Fund contributions and ₹ 13.66 lakhs for the year ended 31 March 2021 (31 March 2020: ₹ 18.44 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.

Employee benefit obligations

Balance recognised in the balance sheet is as under:

Particulars	As at 31 March 2021	As at 31 March 2020
Gratuity	264.30	248.30
Compensated absences	303.83	229.61

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

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Gratuity	92.94	76.85
Compensated absences	82.79	68.94

Expense recognised through OCI is as under:

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Gratuity	(52.07)	19.88
Compensated absences	34.43	49.95

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

36 Retirement benefit plan (Contd...)

Disclosure for gratuity

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Components of net gratuity cost charged to Statement of profit and loss		
Current service cost	77.19	67.11
Interest expense	15.75	9.74
Total(A)	**92.94**	**76.85**
Components of remeasurement gains/losses in other comprehensive income		
Actuarial changes arising from changes in demographic assumptions	-	(81.92)
Actuarial changes arising from changes in financial assumptions	(7.78)	114.64
Experience adjustments	(44.28)	(12.84)
Total(B)	**(52.06)**	**19.88**
Total(A+B)	**40.88**	**96.73**

Changes in the present value of the defined benefit obligation are as follows:	For the year ended 31 March 2021	For the year ended 31 March 2020
Present value of defined benefit obligation at the beginning of the year	248.30	158.15
Current service cost	77.19	67.11
Interest cost	15.75	9.74
Past service cost	-	-
Benefits paid	(24.87)	(6.58)
Actuarial (gain)/ loss	(52.07)	19.88
Defined benefit obligation at the end of the year	**264.30**	**248.30**
Changes in Fair value of Plan assets*		
Fair value of plan assets at the beginning of the year	-	-
Interest income	-	-
Employer direct benefits payments	24.87	6.58
Benefits Paid	(24.87)	(6.58)
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.

Changes in the present value of the defined benefit obligation are as follows:	As at 31 March 2021	As at 31 March 2020
Expected return on plan assets	-	-
Rate of discounting	6.68%	6.29%
Expected rate of salary increase	7.00%	7.00%
Rate of employee turnover	23.00%	23.00%
Retirement age (years)	60	60

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

36 Retirement benefit plan (Contd...)

Disclosure for gratuity

Sensitivity analysis for gratuity liability	As at 31 March 2021	As at 31 March 2020
Impact on defined benefit obligation		
Discount rate +100 basis points	(18.03)	(17.70)
Discount rate -100 basis points	20.90	20.54
Salary growth+ 100 basis points	18.37	17.26
Salary growth- 100 basis points	(16.08)	(15.12)
Attrition rate + 100 basis points	(3.63)	(4.03)
Attrition rate - 100 basis points	3.83	4.28

Sensitivity analysis for gratuity liability	As at 31 March 2021	As at 31 March 2020
Year I	25.39	20.92
Year II	19.74	16.24
Year III	15.41	12.62
Year IV	11.56	9.94
Year V	8.84	7.55
Year 6-10	29.15	21.83
Above 10 years	154.22	159.18

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.

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

36 Retirement benefit plan (Contd...)

Disclosure for gratuity (Contd..)

Plan characteristics and associated risks (Contd..)

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.

37 Maturity analysis of assets and liabilities

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

	As at 31 March 2021			As at 31 March 2020		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Assets						
Financial assets						
Cash and cash equivalents	6,379.88	-	6,379.88	584.42	-	584.42
Bank balance other than cash and cash equivalents	338.09	1,373.92	1,712.01	737.69	668.23	1,405.92
Investments	18,089.96	-	18,089.96	4,912.82	-	4,912.82
Other receivables	4.85	-	4.85	-	-	-
Loans *	73,438.22	39,755.85	1,13,194.07	62,241.93	20,648.84	82,890.77
Other financial assets	1,526.35	255.37	1,781.72	317.44	0.54	317.98
Non-financial assets						
Deferred tax assets (net)	-	1,563.26	1,563.26	-	895.53	895.53
Property, plant and equipment	-	288.51	288.51	-	283.33	283.33
Right of use asset	-	13.33	13.33	0.97	21.34	22.31
Other intangible assets	-	85.82	85.82	-	7.72	7.72
Other non-financial assets	120.88	58.07	178.95	93.26	26.16	119.42
Total assets	**99,898.22**	**43,394.12**	**1,43,292.36**	**68,888.53**	**22,551.69**	**91,440.22**
Liabilities						
Financial liabilities						
Trade payables	237.31	-	237.31	451.15	-	451.15
Other payables	53.83	-	53.83	43.29	-	43.29
Borrowings	43,779.53	57,394.76	1,01,174.29	32,253.55	23,699.59	55,953.14
Other financial liabilities	4,860.10	50.11	4,910.21	2,002.06	-	2,002.06
Non-financial liabilities						
Current tax liabilities (net)	367.49	-	367.49	50.01	-	50.01
Provisions	687.88	594.77	1,282.65	532.33	414.27	946.60
Other non-financial liabilities	406.48	36.69	443.17	304.21	0.02	304.23
Total liabilities	**50,392.62**	**58,076.33**	**1,08,468.95**	**5,636.59**	**24,113.87**	**59,750.48**

*Amounts disclosed as per the behavioral pattern after incorporating anticipated moratorium to customers on account of COVID-19 pandemic as per the RBI guidelines.

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

38 Contingent liabilities, commitments and leasing arrangements

(A) Contingent liabilities

Particulars	As at 31 March 2021	As at 31 March 2020
a) In respect of Income tax demands where the Company has filed an appeal with relevant authority	130.74	130.74
Total	**130.74**	**130.74**

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

(B) Commitments not provided for

Particulars	As at 31 March 2021	As at 31 March 2020
Estimated amount of contracts remaining to be executed on capital account, net of advances	Nil	Nil
For purchase / development of computer software	Nil	Nil

(C) Lease disclosures

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

Particulars	As at 31 March 2021	As at 31 March 2020
Opening lease liabilities	25.28	28.96
Addition to lease liabilities during the year	9.70	14.34
Interest expense on lease liabilities	2.29	2.14
Cash outflow for leases	(22.07)	(20.16)
Closing lease liabilities	**15.20**	**25.28**

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

Particulars	As at 31 March 2021	As at 31 March 2020
Opening value of right of use assets	22.32	26.59
Addition to lease assets during the year	9.69	14.34
Less: Depreciation charge for the year	(18.68)	(18.61)
Closing value of right of use assets	**13.33**	**22.32**

Amounts recognised in Statement of profit or loss

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Depreciation charge on right of use assets	18.68	18.62
Interest on lease liabilities	2.29	2.15
Total	**20.97**	**20.77**

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

38 Contingent liabilities, commitments and leasing arrangements

(C) Lease disclosures

Amounts recognised in Statement of profit or loss

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Interest paid on lease liabilities	2.29	2.15
Payment towards lease liabilities	(22.07)	(20.16)
Total	**(19.78)**	**(18.01)**

Maturity analysis of lease liabilities

Particulars	As at 31 March 2021	As at 31 March 2020
Within one year	2.41	1.05
After one year but not more than five years	12.79	24.23
Total	**15.20**	**25.28**

Particulars	As at 31 March 2021	As at 31 March 2020
Nature of right of use asset	Office premises	Office premises
No. of right of use assets leased	7	14
Range of remaining term	5 month to 32 months	1 month to 38 months
Average remaining lease term	15.14 months	13.67 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

(D) Revenue from contracts with customers

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

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Type of service		
Income from business correspondent operations	207.86	638.57
Total	**207.86**	**638.57**
Geographical markets		
India	207.86	638.57
Outside India	-	-
Total	**207.86**	**638.57**

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

38 Contingent liabilities, commitments and leasing arrangements

(D) Revenue from contracts with customers (Contd..)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Timing of revenue recognition		
Services transferred at a point in time	-	-
Services transferred over time	207.86	638.57
Total	**207.87**	**638.57**

Contract balances

Particulars	As at 31 March 2021	As at 31 March 2020
Other receivables	4.85	-
Trade payable	237.32	118.65
Total (payable)/receivable	**(232.47)**	**(118.65)**

Other receivables are non-interest bearing and are generally on terms of 30 to 90 days. During the year ended 31 March 2021 an amount of Nil (31 March 2020: Nil) was recognised as provision for expected credit losses on other receivable as the balance constitute balances from the Holding Company.

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

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Revenue as per contract	207.86	638.57
Adjustments	-	-
Revenue from contract with customers	**207.86**	**638.57**

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.

39 Related party disclosures

A. List of related parties and disclosures

1. Enterprises exercising control

   Holding Company : Navi Finserv Private Limited (Formerly known as Chaitanya Rural Intermediation Development Services Private Limited)

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

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

   Navi Technologies Private Limited

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

39 Related party disclosures (Contd..)

A. List of related parties and disclosures (Contd..)

3. Key managerial personnel and their relatives:

Name of key managerial personnel	Designation
Mr. Sachin Bansal	Managing Director and CEO (appointed w.e.f. 06 March 2020)
Mr. Ankit Agarwal	Director and Deputy CEO (appointed w.e.f. 06 March 2020)
Mr. Samit S Shetty	"Managing Director (resigned w.e.f. 06 March 2020) Nominee Director (appointed w.e.f. 06 March 2020)"
Mr. Anand Rao	Joint Managing Director (re-appointed w.e.f. 06 March 2020)
Mr. Srinivasan C V	Chief Financial Officer
Ms. Dimple J Shah	Company Secretary (resigned w.e.f. 04 February 2021)
Mr. Anup Kumar Gupta	Company Secretary (appointed w.e.f. 05 February 2021)

Name of key managerial personnel	Designation
Mr. K S Ravi	Independent Director (resigned w.e.f. 18 August 2020)
Mr. R Nandakumar	Independent Director (resigned w.e.f.18 August 2020)
Ms. Riya Bhattacharya	Nominee Director (resigned w.e.f. 29 June 2020)
Mr. R.Sridharan	Independent Director (appointed w.e.f. 18 August 2020)
Ms. Usha A Narayanan	Independent Director (appointed w.e.f. 06 June 2020)

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

Name of related party	Nature of transaction	For the year ended 31 March 2021	For the year ended 31 March 2020
Mr. Anand Rao	Remuneration and incentives	78.46	62.60
	Provident fund and others	0.22	0.22
Mr. Samit S Shetty	Remuneration and incentives	18.00	62.60
	Provident fund and others	0.05	0.22
Mr. K S Ravi	Sitting fees	5.40	6.80
Mr. R Nandakumar	Sitting fees	5.05	6.80
Mr. R.Sridharan	Sitting fees	10.00	-
Ms. Usha A Narayanan	Sitting fees	7.75	-
Mr. Srinivasan C V	Remuneration and incentives	34.65	43.13
	Provident fund and others	0.22	0.22
	Employee Stock Options exercised	18.50	-
Mr. Anup Kumar Guptha	Remuneration and incentives	6.35	-
	Provident fund and others	0.07	-
Ms. Dimple J Shah	Remuneration and incentives	2.31	13.16
	Provident fund and others	0.05	0.22

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

39 Related party disclosures (Contd..)

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

Name of related party	Nature of transaction	For the year ended 31 March 2021	For the year ended 31 March 2020
Mr. Sachin Bansal	Issue of non convertible debentures	-	2,500.00
	Redemption of non convertible debentures	-	(2,500.00)
	Interest on non convertible debentures	-	189.86
Navi General Insurance Limited (Formerly known as COCO General Insurance Limited)	Payment for Employee Medical Insurance	37.77	-
Navi Technologies Private Limited	Reimbursment of expenditure incurred from related party	77.66	-
	Others	4.85	-
Navi Finserv Private Limited (formerly known as Chaitanya Rural Intermediation Development Services Private Limited)	Face value of equity shares allotted*	2,850.00	5,046.55
	Securities premium received*	8,550.00	9,638.91
	Receipt for assignment transaction	18,836.37	-
	Payment towards purchase of portfolio	(770.32)	-
	Service fee income (excluding GST)	213.24	638.57
	Interest Paid for Non Convertible Debenture	163.42	-
	Issue of compulsorily convertible debentures*	-	11,400.00
	Interest on compulsorily convertible debentures	140.86	(171.78)
	Inter Corporate loan received	1,000.00	-
	Inter Corporate loan paid	(1,000.00)	-
	Interest on Inter Corporate loan	6.56	-
	Purchase of Non Convertible Debentures	1,504.75	-

*During the year ended 31 March 2021, the Company has allotted 28,500,000 equity shares of ₹ 10 each at an issue price of ₹ 40 per share including a premium of ₹ 30 per share on conversion of 11,400 Compulsory Convertible Debenture of face value of ₹ 100,000 each fully paid-up to Navi Finserv Private Limited (Formerly known as Chaitanya Rural Intermediation Development Services Private Limited).

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

Name of related party	Nature of transaction	For the year ended 31 March 2021	For the year ended 31 March 2020
Navi Finserv Private Limited (Formerly known as Chaitanya Rural Intermediation Development Services Private Limited)	Outstanding (payable)	(2,461.49)	(451.15)
Navi Finserv Private Limited (Formerly known as Chaitanya Rural Intermediation Development Services Private Limited)	Outstanding receivable	-	79.24

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

39 Related party disclosures (Contd..)

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

Name of related party	Nature of transaction	For the year ended 31 March 2021	For the year ended 31 March 2020
Navi General Insurance Limited (Formerly known as COCO General Insurance Limited)	Outstanding receivable	2.92	-
Navi Technologies Private Limited	Outstanding (payable)	(9.74)	
Navi Technologies Private Limited	Outstanding receivable	4.85	-

40 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 31 March 2021	As at 31 March 2020
Tier 1 capital	32,639.33	20,313.04
Tier 2 capital	2,567.82	13,448.70
Total capital funds	**35,207.15**	**33,761.74**
Risk weighted assets	1,33,425.45	88,366.06
Common Equity Tier 1 capital ratio	24.46%	22.99%
Common Equity Tier 2 capital ratio	1.92%	15.22%
Total capital ratio	**26.39%**	**38.21%**

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.

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

41 Fair value measurement

41.1 Financial assets and liabilities

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

Particulars	Note	As at 31 March 2021	As at 31 March 2020
Financial assets measured at fair value through P&L			
Investments	Note - 8	11,526.71	4,912.82
Financial assets measured at fair value through OCI			
Loans	Note - 7	20,547.27	-
Financial assets measured at amortised cost			
Cash and cash equivalents	Note - 4	6,379.88	584.42
Bank balance other than cash and cash equivalents	Note - 5	1,712.01	1,405.92
Other receivables	Note - 6	4.85	-
Loans	Note - 7	92,646.81	82,890.77
Investments	Note - 8	6,563.24	-
Other financial assets	Note - 9	1,781.72	317.98
Total		**1,41,162.49**	**90,111.91**

Particulars	Note	As at 31 March 2021	As at 31 March 2020
Financial liabilities measured at amortised cost			
Trade payables	Note - 14	237.31	118.65
Other payables	Note - 15	53.83	451.15
Debt securities	Note - 16	29,658.62	13,538.20
Borrowings (other than debt securities)	Note - 17	67,532.09	38,437.81
Subordinated liabilities	Note - 18	3,983.58	3,977.13
Other financial liabilities	Note - 19	4,910.21	2,002.06
Total		**1,06,375.64**	**58,525.00**

41.2 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).

Notes forming part of the Financial Statements
for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

41 Fair value measurement

41.3 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:

Particulars	Level-1	Level-2	Level-3	Total
Financial assets measured at FVTPL				
Investments in mutual funds	9,000.40	-	-	9,000.40
Investments in Debt securities	2,526.44	-	-	2,526.44
Financial assets measured at FVTOCI				
Loans	-	20,547.27	-	20,547.27

Particulars	Level-1	Level-2	Level-3	Total
Financial assets measured at FVTPL				
Investments in mutual funds	4,912.82	-	-	4,912.82

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

41.4 Fair value of financial instruments measured at amortised cost

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

Particulars	As at 31 March 2021		As at 31 March 2020	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets:				
Cash and cash equivalents	6,379.88	6,379.88	584.42	584.42
Bank balance other than cash and cash equivalents	1,712.01	1,712.01	1,405.92	1,405.92
Other receivables	4.85	4.85	-	-
Loans (measured at amortised cost)	92,646.81	92,646.81	82,890.77	82,890.77
Investments at amortised cost	6,563.24	6,563.24	-	-
Other financial assets	1,781.72	1,781.72	317.98	317.98
Total financial assets	**1,09,088.51**	**1,09,088.51**	**85,199.09**	**85,199.09**
Financial liabilities:				
Trade payables	237.31	237.31	118.65	118.65
Other payables	53.83	53.83	451.15	451.15
Debt securities	29,658.62	29,658.62	13,538.20	13,538.20
Borrowings (other than debt securities)	67,532.09	67,532.09	38,437.81	38,437.81
Subordinated liabilities	3,983.58	3,983.58	3,977.13	3,977.13
Other financial liabilities	4,910.21	4,910.21	2,002.06	2,002.06
Lease liabilities	-	-	-	-
Total financial liabilities	**1,06,375.64**	**1,06,375.64**	**58,525.00**	**58,525.00**

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

41 Fair value measurement (Contd..)

41.4 Fair value of financial instruments measured at amortised cost (Contd..)

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.

42 Risk management

Risk is an integral part of the Company's business and sound risk management is critical for the success. As a financial services entity, the Company is exposed to risks that are specific to its lending activities and the environment within which it operates and primarily includes credit, liquidity, market, and operational risks. The Board of Directors of the Company are responsible for the overall risk management approach and for approving the risk management strategies and principles. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements.

Risk	Exposure arising from	Measurement	Risk management
Credit risk	Financial assets (excluding cash in hand)	Ageing analysis and credit risk modelling	Field credit assessment, group guarantee (joint liability group loans), borrower indebtedness limits, diversification of asset base, credit limits and collaterals taken for assets, wherever applicable
Liquidity risk	Financial liabilities	Cash flow forecasts	Committed borrowing and other credit facilities and sale of loan assets (whenever required)
Market risk - interest rate	Borrowings, debt securities and subordinated liabilities carrying variable interest rates	Sensitivity analysis	Review of cost of funds and pricing of disbursement
Market risk - security price	Investments	Sensitivity analysis	Diversification of portfolio with focus on strategic investments
Operational risk	Internal processes, policies, systems, and people	Assessment of risk controls	Maker-Checker matrix for each processes, system based checks, monitoring of exceptions, fraud risk analysis and process corrections, business continuity management

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

42 Risk management (Contd..)

Risk	Exposure arising from	Measurement	Risk management
Systemic Risk	External events impacting the system as a whole (industry, or economy, or both), eg. Demonetisation, Novel Coronavirus 2019 (COVID-19)	Monitoring of external events, ageing analysis of industry data on loans, recovery trends witnessed by the sector	Preservation of adequate liquidity to meet near-term cash outflows and expense obligations, capital adequacy and borrowing capacity adequacy, diversification of portfolio across geographies and customer profiles, buffering of provisions to meet unexpected losses

The Company has a risk management policy which covers all the risk associated with its assets and liabilities. The Company has implemented comprehensive policies and procedures to assess, monitor and manage risk throughout the organisation. The risk management process is continuously reviewed, improved and adapted in tandem with internal metamorphosis and changing external environment. The process of continuous evaluation of risk also includes taking stock of the risk landscape on an event-driven basis.

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.

42.1 Credit risk

Credit risk is the risk that a customer or counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company's main income generating activity is lending to retail customers and therefore credit risk is principal risk associated with the business. For a micro finance institution this assumes more significance since the lending that is carried out is primarily unsecured.

The credit risk management policy of the Company seeks to have following controls and key metrics that allows risks to be identified, assessed, monitored and reported in a timely and efficient manner in compliance with regulatory requirements.

- Standardize the process of identifying new risks and designing appropriate controls for these risks
- Minimize losses due to defaults or untimely payments by borrowers
- Maintain an appropriate credit administration and loan review system
- Establish metrics for portfolio monitoring
- Design appropriate credit risk mitigation techniques

42.1.1 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)

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

42 Risk management (Contd..)

42.1 Credit risk (Contd..)

42.1.1 Risk identification (Contd..)

- 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.)

42.1.2 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 rating and credit bureau check
- Follow up and regular monitoring with the members
- Portfolio monitoring through a centralized Risk & Analytics team

The Company assesses and manages credit risk based on internal credit rating system. Internal credit rating is performed for each class of financial instruments with different characteristics. The Company assigns the following credit ratings 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

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

42 Risk management (Contd..)

42.1 Credit risk (Contd..)

42.1.3 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 -
- 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.

42.1.4 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 rating, 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.

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 ratings and remuneration reviews.

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

42 Risk management (Contd..)

42.1 Credit risk (Contd..)

42.1.5 Impairment assessment

The Company is basically engaged in the business of providing loans and access to credit to the Joint Liability Group (JLG) members. The tenure of which is ranging from 12 months to 24 months.

The Company's impairment assessment and measurement approach is set out in this note. It should be read in conjunction with the summary of significant accounting policies Note 3.1.v. (Overview of the Expected Credit Loss)

Definition of default and cure

The Company considers a financial instrument as defaulted and therefore in Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments.

As a part of a qualitative assessment of whether a customer is in default, the Company also considers a variety of instances that may indicate unlikeliness to pay. When such events occur, the Company carefully considers whether the event should result in treating the customer as defaulted and therefore assessed as Stage 3 for ECL calculations or whether Stage 2 is appropriate.

It is the Company's policy to consider a financial instrument as 'cured' and therefore re-classified out of Stage 3 when the due amount has been repaid. The decision whether to classify an asset as Stage 2 or Stage 1 once cured depends on the updated credit grade, at the time of the cure, and whether this indicates there has been a significant increase in credit risk compared to initial recognition.

The Company's internal credit rating grades and staging criteria for loans are as follows:

Internal rating grade	Internal rating 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 89	Stage II
Non-performing		
Sub-standard grade	DPD > 89	Stage III

Frequency of recognition

Riskiness of a financial asset is recognized in the following frequency: -

- At the time of initial recognition all financial assets are recognized as low credit risk.
- Assets are evaluated on a monthly frequency till the time it is fully repaid and closed; they are evaluated basis their days past due (DPD) status at every month-end and risk classification is made accordingly.
- In case of microfinance customers, if the customer or her spouse expires, the balance repayment has to come from the Life insurer (as per guidelines dictated by the RBI).
- An asset may be re-recognized if there is adverse field information regarding client default.

Forward looking approach

ECL is based on history of financial asset and also includes forward-looking statement. Ind-AS does not mandate to forecast about the future conditions over the entire expected life of a financial asset, and ensures to extrapolate projection from available, detailed information. These includes: -

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

42 Risk management (Contd..)

42.1 Credit risk (Contd..)

42.1.5 Impairment assessment (Contd..)

Forward looking approach (Contd..)

- Internal historical credit loss experience
- Industry trend of credit loss of homogeneous assets
- Historical credit loss experience of other similar assets to homogeneous set of customers
- Changes in underwriting capacity, collection efficiency, and management strength
- Macroeconomic factors such as interest rates, industry policies, GDP growth rate, inflation, etc.
- Regulatory factors such as systemic risk events, policy changes, and statutory guidelines
- Systemic events such as demonetization, Andhra Pradesh crisis, etc. and special situations such as floods, cyclone, earthquake, etc

Measurement of ECL

Expected Credit Loss or ECL is measured in the following manner.

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

ECL = PD*LGD*EAD

Each item is defined as follows: -

ECL - Expected Credit Loss

Present value of difference between contractual cash flows and actual cash flows expected to be received over a given time horizon

PD - Probability of Default

The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognized and is still in the portfolio.

LGD - Loss Given Default

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

EAD- Exposure at Default

Cash flows that are at risk of default over a given time horizon. The Exposure at Default is an estimate of the exposure at a future default date.

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

42 Risk management (Contd..)

42.1 Credit risk (Contd..)

42.1.5 Impairment assessment (Contd..)

Forward looking approach (Contd..)

Credit risk exposure

i) Expected credit losses for financial assets other than loans (refer note 7 for disclosure on credit risk exposure for loans)

As at 31 March 2021	Estimated gross carrying amount at default	Expected credit losses	Carrying amount net of impairment provisio
Cash and cash equivalents	6,379.88	-	6,379.88
Bank balance other than cash and cash equivalents	1,712.01	-	1,712.01
Trade receivables	4.85	-	4.85
Investments	18,090.08	(0.12)	18,089.96
Other financial assets	1,947.69	(165.97)	1,781.72

As at 31 March 2020	Estimated gross carrying amount at default	Expected credit losses	Carrying amount net of impairment provision
Cash and cash equivalents	584.42	-	584.42
Bank balance other than cash and cash equivalents	1,405.92	-	1,405.92
Trade receivables	-	-	-
Investments	4,912.82	-	4,912.82
Other financial assets	407.63	(89.65)	317.98

42.2 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

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

42 Risk management (Contd..)

42.2 Liquidity risk and funding management (Contd..)

42.2.1. Analysis of financial assets and liabilities by remaining contractual maturities

The tables below analyses the Company's financial assets and liabilities into relevant maturity groupings based on their contractual maturities.

The amounts disclosed in the table are the contractual undiscounted cash flows:

Maturity pattern of assets and liabilities as on 31 March 2021:

As at 31 March 2021	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	6,379.88	-	-	-	6,379.88
Bank balance other than cash and cash equivalents	338.09	1,223.75	150.18	-	1,712.01
Trade Receivables	4.85	-	-	-	4.85
Loans *	73,438.22	38,635.50	1,102.32	18.03	1,13,194.07
Investments	18,089.96	-	-	-	18,089.96
Other financial assets	1,526.35	255.37	-	-	1,781.72
Total undiscounted financial assets	**99,777.34**	**40,114.63**	**1,252.51**	**18.03**	**1,41,162.49**
Financial liabilities					
Trade payables	237.31	-	-	-	237.31
Other payables	53.83	-	-	-	53.83
Borrowings	43,779.53	50,094.48	7,300.29	-	1,01,174.29
Other financial liabilities	4,860.10	50.11	-	-	4,910.21
Total undiscounted financial liabilities	**48,930.77**	**50,144.59**	**7,300.29**	**-**	**1,06,375.64**
Net undiscounted financial assets/(liabilities)	**50,846.57**	**(10,029.96)**	**(6,047.78)**	**18.03**	**34,786.84**

Maturity pattern of assets and liabilities as on 31 March 2020:

As at 31 March 2020	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	584.42	-	-	-	584.42
Bank balance other than cash and cash equivalents	737.69	668.23	-	-	1,405.93
Loans *	62,241.93	20,221.02	427.82	-	82,890.77
Investments	4,912.82	-	-	-	4,912.82
Other financial assets	317.44	0.34	0.20	-	317.97
Total undiscounted financial assets	**68,794.30**	**20,889.59**	**428.02**	**-**	**90,111.91**
Financial liabilities					
Trade payables	451.15	-	-	-	451.15
Other payables	43.29	-	-	-	43.29
Borrowings	32,253.55	22,137.40	1,562.19	-	55,953.14
Other financial liabilities	2,002.06	-	-	-	2,002.06
Total undiscounted financial liabilities	**34,750.05**	**22,137.40**	**1,562.19**	**-**	**58,449.64**
Net undiscounted financial assets/(liabilities)	**34,044.25**	**(1,247.81)**	**(1,134.17)**	**-**	**31,662.27**

*Amounts disclosed as per the behavioral pattern after incorporating anticipated moratorium to customers on account of COVID-19 pandemic as per the RBI guidelines.

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

42 Risk management (Contd..)

42.3 Market risk

Market risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market factor. Such changes in the values of financial instruments may result from changes in the interest rates and other market changes. The Company is exposed to the following market risk :

Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Asset Liability Committee shall manage its rate sensitivity position to ensure the long run earning power of the Company. In addressing this challenge, the ratios of rate sensitive assets (RSA) to rate sensitive liabilities (RSL) and gap (RSA minus RSL) to equity, as well as gap to total assets will be reviewed based on 30, 60, 90, 180, and 365-day, 1-2 year, and greater than 2 year definitions. More importantly, however, special emphasis is to be placed on the change in net interest income that will result from possible fluctuations in interest rates, changing account volumes, and time.

The Company is subject to interest rate risk, principally because lending to clients are at fixed interest rates and for periods that may differ from our funding sources, while our borrowings are at both fixed and variable interest rates for different periods. The Company assesses and manages the interest rate risk by managing the assets and liabilities. The Asset Liability Management Committee evaluates asset liability management, and ensures that all significant mismatches, if any, are being managed appropriately.

Management of interest margin

The spread or interest margin, otherwise known as “Gap”, is the difference between the return on assets and the expenses paid on liabilities. Assets are classified as Rate Sensitive Assets and fixed Rate Assets. Liabilities are classified as Rate Sensitive Liabilities and fixed Rate Liabilities. An asset or liability is identified as sensitive if cash flows from the asset or liability change in the same direction and general magnitude as the change in short-term rates. The cash flows of insensitive (or non-sensitive) assets or liabilities do not change within the relevant time period.

The sensitivity of the statement of profit and loss is the effect of the assumed changes in interest rates on the profit or loss for a year, based on the floating rate non–trading financial assets and financial liabilities held as at the Balance Sheet date.

The Company has Board approved Interest rate policy for managing interest rate risk and policy for determining the interest rate to be charged on the loans given.

The following table demonstrates the sensitivity to a reasonably possible change in the interest rates on the portion of borrowings. With all other variables held constant, the profit before taxes affected through the impact on floating rate borrowings is as follows:

Particulars	Effect on Statement of Profit and Loss for the year 2020-21	Effect on Statement of Profit and Loss for the year 2019-20
0.50% increase	392.82	261.77
0.50% decrease	(392.82)	(261.77)

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

42 Risk management (Contd..)

42.3 Market risk (Contd..)

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 year :

Particulars	Effect on Statement of Profit and Loss for the year 2020-21	Effect on Statement of Profit and Loss for the year 2019-20
Net asset value - 1% increase	115.27	49.13
Net asset value - 1% decrease	(115.27)	(49.13)

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.

42.4 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.

43 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.

44 Details of CSR expenses

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
a) Gross amount required to be spent by the Company during the year	4.16	0.57
b) Amount spent during the year		
i) Construction / acquisition of any asset		-
ii) On purposes other than (i) above	4.16	0.60
Total amount spent	4.16	0.60
Total amount unspent	-	-
Total	**4.16**	**0.60**

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

45 Credit rating

Particulars	Credit rating agency	As at 31 March 2021	As at 31 March 2020
Bank facilities	ICRA	A (-) Stable	BBB Positive
Bank facilities	CRISIL	A (-) Stable	A (-) Stable
Bank facilities	Acuite	NA	BBB Stable
Bank facilities	BWR	NA	BBB(+) Stable
Non-Convertible, Redeemable, Cumulative preference shares	BWR	NA	NA
Non Convertible debentures	ICRA	A (-) Stable	BBB Positive
Non Convertible debentures	CRISIL	A (-) Stable	NA
Sub-Ordinated debt	ICRA	A (-) Stable	BBB Positive
Commercial papers	ICRA	A1	A2+

46 Capital adequacy ratio

Particulars	As at 31 March 2021	As at 31 March 2020
i) CRAR (%)	26.39%	38.21%
ii) CRAR - Tier I Capital (%)	24.46%	22.99%
iii) CRAR - Tier II Capital (%)	1.92%	15.22%
iv) Amount of subordinated debt raised as Tier-II capital*	900.00	2,200.00

*** Note:**

Discounted value of ₹ 900 lakhs (31 March 2020: ₹ 2,200 lakhs) considered for Tier II capital against the book value of ₹ 4,000 lakhs (31 March 2020: ₹ 4,000 lakhs).

47 Investments

Particulars	As at 31 March 2021	As at 31 March 2020
(1) Value of investments		
(i) Gross value of investments	18,090.08	4,912.82
(a) In India	18,090.08	4,912.82
(b) Outside India	-	-
(ii) Impairment provisions on investments		
(a) In India	(0.12)	-
(b) Outside India	-	-
(iii) Net value of investments	18,089.96	4,912.82
(a) In India	18,089.96	4,912.82
(b) Outside India	-	-
(2) Movement of impairment provisions on investments		
(i) Opening balance	-	-
(ii) Add : Provisions made during the year	0.12	-
(iii) Less : Write-off/write-back of excess provisions during the year	-	-
(iv) Closing balance	0.12	-

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

48 Disclosure as per RBI circular no.DBOD.No.BP.BC.60/21.04.048/200506 dated February 1, 2006

Details of financial assets sold to securitisation

Particulars	As at 31 March 2021	As at 31 March 2020
i) No. of accounts	-	-
ii) Aggregate value (net of provisions) of accounts sold	-	-
iii) Aggregate consideration	-	-
iv) Additional consideration (net of expenses) realized in respect of account transferred in earlier years	-	-
v) Aggregate gain/loss over net book value	-	-

49 Disclosures relating to securitisation

49.1 The information on securitisation of the Company as an originator in respect of outstanding amount of securitised assets is given below:

Sr. No.	Particulars	As at 31 March 2021	As at 31 March 2020
1	No of SPVs sponsored by the NBFC for securitisation transactions (in No.)	-	-
2	Total amount of securitized assets as per books of the SPVs sponsored by the NBFC	-	-
3	Total amount of exposures retained by the NBFC to comply with Minimum Retention Ration (MRR) as on the date of balance sheet		
(a)	Off-Balance Sheet exposures		
	First loss	-	-
	Others	-	-
(b)	On-Balance Sheet exposures		
	First loss (cash collateral)	-	-
	Others (MRR)	-	-

Sr. No.	Particulars	As at 31 March 2021	As at 31 March 2020
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	-	-

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

49 Disclosures relating to securitisation (Contd..)

49.2 Details of assignment transactions undertaken by the Company

Particulars	As at 31 March 2021	As at 31 March 2020
i) No. of accounts	1,63,064	79,453
ii) Aggregate value (net of provisions) of accounts sold	26,576.77	11,998.27
iii) Aggregate consideration (net of expenses)	26,576.77	11,998.27
iv) Additional consideration realized in respect of accounts transferred in earlier years	-	-
v) Aggregate gain/loss over net book value	-	-

49.3 Details of non-performing financial assets purchased/sold

Particulars	As at 31 March 2021	As at 31 March 2020
i) No. of accounts *	258	-
ii) Total amount outstanding	189.97	-

* Purchased from Navi Finserv Private Limited (Formerly known as Chaitanya Rural Intermediation Development Services Private Limited).

Note: The Company has not sold non-performing financial assets during the year ended 31 March 2021 and 31 March 2020.

49.4 Details of financial assets sold to securitisation/reconstruction company for asset reconstruction

The Company has not sold any financial assets to Securitisation/Reconstruction Company for asset reconstruction during the year ended 31 March 2021 and 31 March 2020.

50 Asset liability management maturity pattern of certain items of assets and liabilities as at 31 March 2021

Particulars	Upto 7 days	Over 08 days upto 14 days	Over 15 days upto 1 month	Over 1 month upto 2 months	Over 2 months upto 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
Borrowings	910.01	910.01	1,820.03	2,427.08	3,978.58	10,996.32	22,737.50	50,094.48	7,300.29	-	1,01,174.29
Loans *	1,722.73	1,722.72	4,134.00	6,518.29	7,045.79	20,073.62	32,221.07	38,635.50	1,102.32	18.03	1,13,194.08
Investments	10,009.51	-	1,248.41	1,029.85	2,543.71	2,582.33	676.14	-	-	-	18,089.96

Asset liability management maturity pattern of certain items of assets and liabilities as at 31 March 2020

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	369.36	369.36	738.90	1,830.92	1,776.88	8,320.17	18,847.97	22,137.40	1,562.19	-	55,953.14
Loans *	0.75	0.75	1.50	3.00	4,001.93	23,462.59	34,771.41	20,221.02	427.82	-	82,890.77
Investments	4,912.82	-	-	-	-	-	-	-	-	-	4,912.82

Note:

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

(ii) *Amounts disclosed as per the behavioral pattern after incorporating anticipated moratorium to customers on account of COVID-19 pandemic as per RBI guidelines.

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

51 Exposure to real estate sector

Particulars	As at 31 March 2021	As at 31 March 2020
A. Direct exposure		
i) **Residential mortgages**	806.16	77.03
(Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented)		
ii) **Commercial real estate:**		
(Lending secured by mortgages on commercial real estates office buildings, retails space, multipurpose commercial premises, multi-family residential buildings, multi - tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits)	Nil	Nil
iii) **Investments in Mortgage Backed Securities (MBS) and other securitized exposures -**		
a) Residential	Nil	Nil
b) Commercial real estate	Nil	Nil

52 Exposure to capital market

The Company does not have any exposure to capital market as at 31 March 2021 and 31 March 2020.

53 Details of financing of parent company products

The Company has not financed parent company products during the year ended 31 March 2021 and 31 March 2020.

54 Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the Company

The Company does not have single or group borrower lending exceeding the limits during the year ended 31 March 2021 and 31 March 2020.

55 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 ₹ 1,18,843.71 lakhs (31 March 2020: ₹ 84,885.85 lakhs) disclosed in Note 7 are without any collateral or security.

56 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)

57 Related party transactions

Please refer to note no 39 for related party transactions and related disclosures.

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

58 Provisions and contingencies

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
1	2	3	4	5=3-4	6	7 = 4-6
Performing assets						
Standard	Stage 1	1,12,839.20	2,084.25	1,10,754.95	1,129.98	954.27
	Stage 2	2,110.23	743.41	1,366.82	20.99	722.44
Subtotal		**1,14,949.43**	**2,827.66**	**1,12,121.77**	**1,150.97**	**1,676.71**
Non-Performing assets (NPA)						
Substandard	Stage 3	4,791.41	3,736.58	1,054.83	1,967.30	1,769.28
Doubtful - up to 1 year	Stage 3	45.58	35.79	9.79	9.77	26.02
1 to 3 years	Stage 3	30.75	24.58	6.16	10.39	14.20
More than 3 years	Stage 3	30.92	29.70	1.23	19.58	10.11
Subtotal for doubtful		**107.25**	**90.07**	**17.18**	**39.74**	**50.33**
Loss	Stage 3	15.33	15.06	0.27	18.78	(3.72)
Subtotal for NPA		**4,913.99**	**3,841.70**	**1,072.29**	**2,025.82**	**1,815.89**
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	1,12,839.20	2,084.25	1,10,754.95	1,129.98	954.27
	Stage 2	2,110.23	743.41	1,366.82	20.99	722.44
	Stage 3	4,913.99	3,841.70	1,072.29	2,025.82	1,815.89
	Total	**1,19,863.42**	**6,669.36**	**1,13,194.06**	**3,176.79**	**3,492.60**

58.1 Provisions and contingencies

Break up of 'Provisions and contingencies' shown under the head expenditure in Profit and Loss account	For the year ended 31 March 2021	For the year ended 31 March 2020
Provision towards NPA#	3,354.42	(372.43)
Provision for standard assets ##	1,108.35	1,372.41
Provision made towards income tax	1,196.46	558.23
Other Provision and contingencies (with details)		
i) Provision for gratuity*	92.94	76.85
ii) Provision for compensated absences*	82.79	68.94
iii) Provision for incentive	331.98	563.57
iv) Provision for statutory bonus	497.13	149.59
v) Provision for fraud	(10.85)	98.86
vi) Provision for other receivables	87.03	3.43

Provision for stage 3 assets

Provision for standard assets is included in provision towards impairment of financial instruments in Note 7 other than provision for stage 3 assets.

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

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

59 Draw down from reserves

There has been no draw down from reserve during the year ended 31 March 2021 and 31 March 2020.

60 Concentration of deposits, advances, exposures and NPAs

60.1 Concentration of advances

Particulars	As at 31 March 2021	As at 31 March 2020
Total advances to twenty largest borrowers	74.14	25.00
Percentage of advances to twenty largest borrowers to total advances of the NBFC	0.06%	0.03%

60.2 Concentration of exposures

Particulars	As at 31 March 2021	As at 31 March 2020
Total exposure to twenty largest borrowers/customers	74.14	22.38
Percentage of exposures to twenty largest borrowers/customers to total exposure of the NBFC borrowers/customers	0.05%	0.03%

60.3 Concentration of NPAs

Particulars	As at 31 March 2021	As at 31 March 2020
Total exposure to top four NPA accounts**	17.46	7.05

** NPA accounts refer to stage 3 assets. Stage 3 assets includes financial assets that have objective evidence of impairment at the reporting date as defined under Ind-AS. 90 Days Past Due is considered as default for classifying a financial instrument as credit impaired.

60.4 Sector wise NPAs#

Sr. No.	Particulars	As at 31 March 2021	As at 31 March 2020
		Percentage of NPAs to total advances in that sector	Percentage of NPAs to Total Advances in that sector
1	Agriculture and allied activities	4.20%	0.60%
2	MSME	-	-
3	Corporate borrowers	-	-
4	Services	4.97%	0.59%
5	Unsecured personal loans	5.30%	14.04%
6	Auto loans	-	-
7	Others	3.95%	36.02%

NPA accounts refer to stage 3 assets. Stage 3 assets includes financial assets that have objective evidence of impairment at the reporting date as defined under Ind-AS. 90 days past due is considered as default for classifying a financial instrument as credit impaired.

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

61 Movement of NPAs

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
(i) Net NPAs to net advances (%)	0.93%	0.40%
(ii) Movement of NPAs (Gross)		
(a) Opening balance	691.95	1,187.73
(b) Additions during the year	5,606.82	725.52
(c) Reductions during the year	(1,384.77)	(1,221.30)
(d) Closing balance	**4,914.00**	**691.95**
(iii) Movement of Net NPAs		
(a) Opening balance	329.23	452.58
(b) Additions during the year	5,323.36	627.54
(c) Reductions during the year	(4,580.30)	(750.87)
(d) Closing balance	**1,072.29**	**329.25**
(iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
(a) Opening balance	362.72	735.15
(b) Provisions made during the year	283.46	98.00
(c) (Write-off)/write-back of excess provisions	3,195.53	(470.43)
(d) Closing balance	**3,841.71**	**362.72**

NPA accounts refer to stage 3 assets. Stage 3 assets includes financial assets that have objective evidence of impairment at the reporting date as defined under Ind-AS. 90 days past due is considered as default for classifying a financial instrument as credit impaired. Unamortized processing fees and unamortized transaction costs are not included in the portfolio.

62 Information on Net Interest Margin ('NIM')

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Average interest (a)	21.52%	23.56%
Average effective cost of borrowing (b)	11.70%	13.60%
Net interest margin (a-b)	9.82%	9.96%

Note:

The Company has calculated above average lending rate and effective cost of borrowing as per pricing of credit guidelines prescribed in master direction issued by the Reserve Bank of India no. DNBR.PD. 008/03.10119/2016-17.

63 Disclosure as required by Para 19 of Non-Banking Financial Company – systemically important non-deposit taking Company and deposit taking Company (Reserve Bank) Directions, 2016 is as under:

Particulars	As at 31 March 2021		As at 31 March 2020	
	Outstanding	Overdue	Outstanding	Overdue
Liabilities side:				
1 Loans and advances availed by the Non-Banking Financial Company inclusive of interest accrued thereon but not paid				
(a) Debentures	27,515.08	-	10,530.79	-
: Secured	3,409.83	-	3,922.77	-
: Unsecured				
(other than falling within the meaning of Public deposits)	-	-	-	-

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

63 Disclosure as required by Para 19 of Non-Banking Financial Company – systemically important non-deposit taking Company and deposit taking Company (Reserve Bank) Directions, 2016 is as under: (Contd..)

Particulars	As at 31 March 2021		As at 31 March 2020	
	Outstanding	Overdue	Outstanding	Overdue
(b) Deferred credits	67,810.99	-	38,696.02	-
(c) Term loans	-	-	-	-
(d) Inter-corporate loans and borrowing	-	-	-	-
(e) Commercial paper	-	-	-	-
(f) Public deposits				
(g) Other loans:	3,983.58	-	3,977.13	-
Other unsecured loans against assets of the Company	-	-	-	-
Secured loans against assets of the Company	-	-	-	-
Overdraft facility				
2 Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):	-	-	-	-
(a) In the form of unsecured debentures	-	-	-	-
(b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	-	-	-	-
(c) Other public deposits				

Particulars	As at 31 March 2021 Outstanding	As at 31 March 2020 Outstanding
3 Break-up of Loans and advances including bills receivables (other than those included in (4) below) :		
(a) Secured	1,019.72	79.54
(b) Unsecured	1,18,843.72	84,885.85
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	-	-

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

63 Disclosure as required by Para 19 of Non-Banking Financial Company – systemically important non-deposit taking Company and deposit taking Company (Reserve Bank) Directions, 2016 is as under: (Contd..)

Particulars	As at 31 March 2021 Outstanding	As at 31 March 2020 Outstanding
5 Break-up of Investments :		
Current Investments :		
1. Quoted :		
(I) Shares :	-	-
(a) Equity	-	-
(b) Preference	-	-
(II) Debentures and bonds	-	-
(III) Units of mutual funds	9,000.40	4,912.82
(IV) Government securities	-	-
(V) Others (please specify)	-	-
2. Unquoted :		
(I) Shares :	-	-
(a) Equity	-	-
(b) Preference	-	-
(II) Debentures and bonds	-	-
(III) Units of mutual funds	-	-
(IV) Government securities	-	-
(V) Others :	-	-
(a) Certificate of deposit	-	-
(b) Commercial paper	-	-
Long Term Investments :		
1. Quoted :		
(I) Shares :	-	-
(a) Equity	-	-
(b) Preference	-	-
(II) Debentures and bonds	-	-
(III) Units of mutual funds	-	-
(IV) Government securities	-	-
(V) Others (please specify)	-	-
2. Unquoted :		
(I) Shares :		
(a) Equity	-	-
(b) Preference	-	-
(II) Debentures and bonds	2,526.44	-
(III) Units of mutual funds	-	-
(IV) Government securities	-	-
(V) Others (please specify)*	6,563.12	-
Total	**9,089.56**	**-**

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

63 Disclosure as required by Para 19 of Non-Banking Financial Company – systemically important non-deposit taking Company and deposit taking Company (Reserve Bank) Directions, 2016 is as under: (Contd..)

63.1 Borrower group-wise classification of assets financed:

Particulars	As at 31 March 2021				As at 31 March 2020			
	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	1,019.72	1,18,843.72	(6,669.36)	1,13,194.07	79.54	84,885.85	(2,074.61)	82,890.77
Total	1,019.72	1,18,843.72	(6,669.36)	1,13,194.07	79.54	84,885.85	(2,074.61)	82,890.77

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

Particulars	As at 31 March 2021		As at 31 March 2020	
	Market value/ Breakup or fair value or NAV	Market value/ Breakup or fair value or NAV	Market value/ Breakup or fair value or NAV	Book value (Net of provision)
1. Related parties				
(a) Subsidiaries	-	-	-	-
(b) Companies in the same group	-	-	-	-
(c) Other related parties	-	-	-	-
2. Other than related parties	18,089.96	18,089.96	4,912.82	4,912.82
Total	18,089.96	18,089.96	4,912.82	4,912.82

63.3 Other information

Particulars	As at 31 March 2021	As at 31 March 2020
(i) Gross Non-Performing assets		
(a) Related parties	-	-
(b) Other than related parties	4,914.00	691.95
(ii) Net Non-Performing assets		
(a) Related parties	-	-
(b) Other than related parties	1,072.29	329.25

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

64 Public disclosure on Liquidity risk management

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

Number of significant counterparties	Amount (₹ in lakhs)	% of Total Deposit	% of Total Liabilities
21	96,903.38	-	89.34%

b) Top 20 large deposits (amount in ₹ lakhs and % of total deposits)

The Company being a Systemically Important Non-Deposit taking Non-Banking Financial Company registered with Reserve Bank of India does not accept public deposits.

c) Top 10 borrowings (amount in ₹ lakhs and % of total borrowings)

Amount	% of Total Borrowings
73,193.45	72.34%

d) Funding concentration based on significant instrument / product*

Particulars	Amount	% of Total Liabilities
Term loans from Banks	40,840.66	37.65%
Term Loans from Financial Institutions	26,676.23	24.59%
Non Convertible debentures	29,658.62	27.34%
Subordinated Liabilities	3,983.58	3.67%

e) Stock Ratios

(i) Commercial papers as a % of total public funds, total liabilities and total assets – nil.

(ii) Non-convertible debentures (original maturity of less than one year) as a % of total public funds, total liabilities and total assets: - Not Applicable

Non-Convertible Debentures as a % of Public Funds

Non-Convertible Debentures as a % of Total Outside Liabilities

Non-Convertible Debentures as a % of Total Assets

(iii) Other short-term liabilities, if any as a % of total public funds, total liabilities and total assets:

Other Non-Financial Liabilities as a % of Total Public Funds – Not Applicable

Other Non-Financial Liabilities as a % of Total Outside Liabilities – 0.41%

Other Non-Financial Liabilities as a % of Total Assets - 0.31%

f) Institutional set-up for liquidity risk management

Board of Directors: The Board has the overall responsibility for management of liquidity risk. The Board shall decide the strategy, policies and procedures to manage liquidity risk in accordance with the liquidity risk tolerance/limits decided by it.

Risk Management Committee: The Risk Management Committee is responsible for evaluating the overall risks faced by the NBFC including liquidity risk.

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

64 Public disclosure on Liquidity risk management

f) Institutional set-up for liquidity risk management (Contd..)

Asset-Liability Management Committee (ALCO): The ALCO ensures adherence to the risk tolerance/limits set by the Board as well as implements the liquidity risk management strategy of the NBFC. The members of the ALCO are: -

1. Mr Anand Rao - Chairperson

2. Mr Ankit Agarwal - Member

3. Mr Abhik Sarkar - Member

g) The amount stated in this disclosure is based on the audited standalone financial statements for the year ended March 31, 2021.

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

Particulars	As at 31 March 2021	As at 31 March 2020
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year.	-	-
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act,2006.	-	-
The amount of interest accrued and remains unpaid at the end of each accounting year.	-	-
The amount of further interest remaining due and payable even in succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006.	-	-

66 Disclosures pursuant to RBI Notification - RBI/2019-20/220 DOR.No.BP.BC.63/21.04.048/2019-20 dated 17 April 2020

Particulars	Amount
SMA/overdue categories, where the moratorium/deferment was extended	1,882.68
Asset classification benefit extended as at 31 March 2021	797.56

67 Disclosure pursuant to RBI Notification - RBI/2021-22/17 DOR.STR.REC.4/21.04.048/2021-22 dated April 07, 2021

The aggregate amount to be refunded/adjusted to borrowers based on the relief given in above mentioned circular is nil.

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

The Company does not have any joint venture or subsidiary abroad as on 31 March 2021 and 31 March 2020.

69 Off-balance sheet SPVs sponsored (which are required to be consolidated as per accounting norms)

The Company has not sponsored any off-balance sheet SPVs as at 31 March 2021 and 31 March 2020.

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

70 Customer complaints

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Number of complaints pending at the beginning of the year	07	01
Number of complaints received during the year	272	58
Number of complaints redressed during the year	277	52
Number of complaints pending at the end of the year	02	07

71 Information on instances of fraud

Instances of fraud reported for the year ended 31 March 2021:

Nature of fraud	No. of cases	Amount of fraud	Recovery	Amount written-off
Fraud committed by staff	47	6.41	5.95	-
Fraud committed by other than staff - Theft	1	0.04	-	-

Instances of fraud reported for the year ended 31 March 2020:

Nature of fraud	No. of cases	Amount of fraud	Recovery	Amount written-off
Fraud committed by staff	3	182.42	74.68	-
Fraud committed by other than staff - Theft	4	2.35	0.62	-

72 Penalties

No penalties have been levied by any regulator on the Company during the year ended 31 March 2021 and 31 March 2020.

73 Previous year comparatives

Figures of the previous periods have been regrouped, wherever necessary, to make them comparable with the current period.

As per our report of even date

For **Walker Chandiok & Co. LLP**
Chartered Accountants
Firm Registration No.: 001076N/N500013

Manish Gujral
Partner
Membership No. 105117
Mumbai
18 June 2021

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

Sachin Bansal
Managing Director and CEO
DIN: 02356346
Bengaluru
18 June 2021

Ankit Agarwal
Director and Deputy CEO
DIN : 08299808
Bengaluru
18 June 2021

Anand Rao
Joint Managing Director
DIN: 01713987
Bengaluru
18 June 2021

Srinivasan C V
Chief Financial Officer
Bengaluru
18 June 2021

Anup Kumar Gupta
Company Secretary
Bengaluru
18 June 2021

Notice

Notice of Twelfth Annual General Meeting

Notice is hereby given that the Twelfth Annual General Meeting of the shareholders of Chaitanya India Fin Credit Private Limited will be held on Monday, September 06, 2021 at 4:00 P.M. At the registered office of the Company at No. 145, 2nd Floor, Nr Square, 1st Main Road, Sirsi Circle, Chamrajpet, Bangaluru - 560 018, Karnataka, India to transact the following business.

ORDINARY BUSINESS:

ITEM NO. 01

TO RECEIVE, CONSIDER AND ADOPT THE AUDITED FINANCIAL STATEMENTS OF THE COMPANY FOR THE FINANCIAL YEAR ENDED MARCH 31, 2021 TOGETHER WITH REPORTS OF THE BOARD OF DIRECTORS AND OF THE AUDITORS THEREON

To consider and thought fit, to pass with or without modification(s), the following resolution as an ordinary resolution:

"**RESOLVED THAT** the Audited Financial Statements of the Company for the financial year ended March 31, 2021 including the Audited Balance Sheet as at March 31, 2021, Statement of Profit & Loss account and Cash flow statements for the year ended March 31, 2021 and the Reports of the Board of Directors and Auditors thereon; along with all annexures as laid before this Annual General Meeting be and hereby received, considered and adopted."

ITEM NO. 02

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 sections 139, and other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, as amended from time to time and RBI Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs), M/S Varma And Varma Chartered Accountants, (ICAI FRN:004532S), be and are hereby appointed as the Statutory Auditors of the Company, for a period of (3) three consecutive years commencing of this Annual General Meeting (AGM) till the conclusion of 15th AGM of the Company, on a remuneration as may be determined by the Board in consultation with the Auditors."

SPECIAL BUSINESS:

ITEM NO: 03

TO ALTER THE ARTICLES OF ASSOCIATION OF THE COMPANY WITH RESPECT TO DELETION OF THE COMMON SEAL CLAUSE

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

"**RESOLVED THAT** pursuant to section 14 and other applicable provisions, if any, of the Companies Act, 2013, the consent of the members be and is hereby accorded for altering the Articles of Association (AOA) of the Company by way of deletion of the following clauses of the Articles of Association:

Clause No.20 – The Company shall have a common seal and Directors, and any person authorized in this behalf shall provide for the safe custody of the Seal. The Company many also authenticate records through digital signature as contemplated in section 3 of the Information Technology Act, 2000, as amended from time to time.

Clause No.21 – The seal of the Company shall not be affixed to any instrument, except by authority of a resolution of the Board of Directors, and in presence of the person(s) so authorized. Such person(s) shall sign every document, deed or instrument to which the said Common Seal is affixed in his / their presence. Such signature(s) shall be conclusive evidence of the fact that the seal has been properly affixed.

FURTHER RESOLVED THAT the Board of Directors or any representative of the Board of Directors be and hereby authorized to do all such acts, deeds and sign all such documents and forms as required to give effect to the aforesaid resolution."

By Order of the Board
For Chaitanya India Fin Credit Private Limited

Anand Rao
Joint Managing Director
DIN: 01713987
Date: September 01, 2021
Place: Bengaluru

Notes:

1. Explanatory Statements pursuant to Section 102(1) of the Companies Act, 2013, relating to the special businesses to be transacted at the meeting are annexed hereto.

2. A Member entitled to attend and vote at the Annual General Meeting is entitled to appoint proxy/proxies to attend the meeting and vote on poll, if any, instead of himself/herself and such a proxy/ proxies need not be a member of the Company. Proxies, in order to be effective, must be received in the enclosed Proxy Form by the Company at its Registered Office not less than forty-eight hours before the time fixed for the meeting.

3. Members are requested to notify the company immediately regarding any change in their address.

4. Corporate members are requested to send duly certified copy 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.

5. Relevant documents referred to in the accompanying Notice and the Explanatory Statement are open for inspection by the members at the Registered Office of the Company during normal business hours (09.00 a.m. to 5.30 p.m.) on all working days between Monday to Saturday (except 2nd and 4th Saturday of the month) of every week, up to and including the date of the Annual General Meeting of the Company.

6. Members may also note that the Notice of the Twelfth Annual General Meeting and Annual Report for the year ended March 31, 2021, will also be available on the Company website at https://www.chaitanyaindia.in/investor-relations

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No. 02

Reserve Bank of India (RBI) notified the Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) on April 27, 2021.

Company's Statutory Auditors M/S Walker and Chandiok LLP have communicated their ineligibility to conduct Statutory Audit of the Company, under the aforesaid guidelines, through their resignation letter dated July 24, 2021, due to which a casual vacancy in the office of Statutory Auditor had arisen.

Accordingly, pursuant to the provisions of Section 139 (8) (i) of the Companies Act, 2013 the casual vacancy of the Statutory Auditor was filled by the Board of Directors.

Further, on the recommendation of the Audit Committee, the Board of Directors have recommended the appointment of M/S Varma and Varma, Chartered Accountants, ICAI FRN:004532S, as the Statutory Auditors to hold the office for the period of 3 (three) consecutive years till the conclusion of Annual General Meeting for the financial year 2023-24, subject to the firm satisfying the eligibility norms each year which shall be intimated to RBI correspondingly.

Further, the Company has received confirmation regarding the eligibility under the RBI guidelines, and consent as well as a certificate as required under Section 139 and applicable rules of the Companies Act, 2013 from the aforesaid auditors.

None of the persons specified in Section 102 of the Companies Act, 2013 namely the Promoters, Directors, Key Managerial Persons, Relatives of Promoters, Directors and Key Managerial Persons or the entities comprising the interest of Promoters, Directors or Key Managerial Persons, are concerned or interested in the above resolutions.

The Board recommends the above resolution for your approval as ordinary resolution.

Item No. 03

The Ministry of Corporate Affairs (MCA) vide item no.6 of the Companies (Amendment Act), 2015 has done away with the mandate of companies to keep a common seal. The Company has been maintaining the common seal voluntarily since then, and to avoid the requirement of affixation of common seal from any counterparty which is an administrative hassle, it is proposed to remove the clause on common seal from the Articles of Association of the Company.

Deletion of the following clauses (20 and 21) pertaining to common seal from the Articles of Association causing alteration to the Articles of Association of the company, shall require member's approval by way of a special resolution.

Clause No.20 – The Company shall have a common seal and Directors, and any person authorized in this behalf shall provide for the safe custody of the Seal. The Company many also authenticate records through digital signature as contemplated in section 3 of the Information Technology Act, 2000, as amended from time to time.

Clause No.21 – The seal of the Company shall not be affixed to any instrument, except by authority of a resolution of the Board of Directors, and in presence of the person(s) so authorized. Such person(s) shall sign every document, deed or instrument to which the said Common Seal is affixed in his / their presence. Such signature(s) shall be conclusive evidence of the fact that the seal has been properly affixed.

The Board of Directors in their meeting held on August 12, 2021, have approved the alteration to the Articles of Association of the company in effect of deletion of clauses 20 and 21 bearing to the common seal of the company.

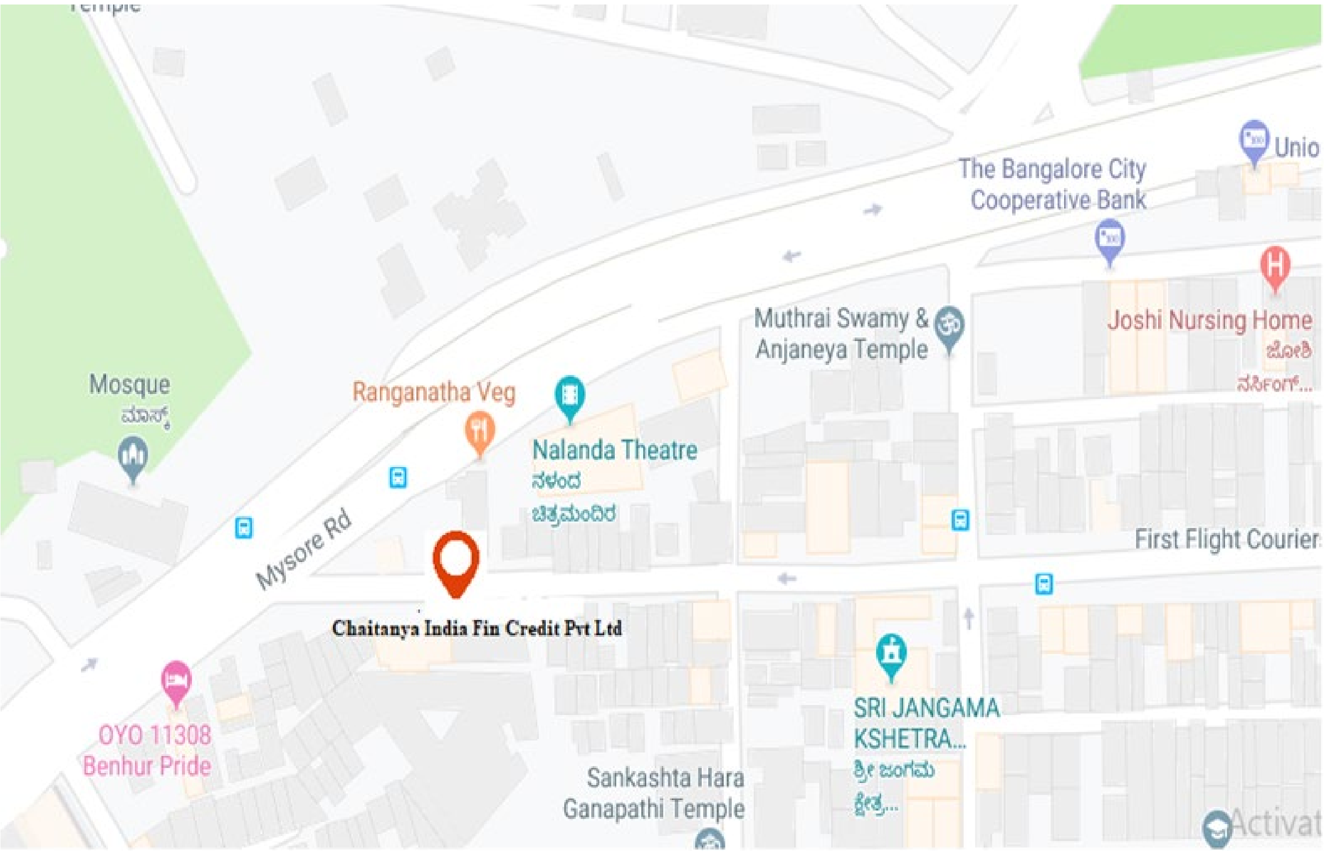
Hence, the members approval by way of special resolution is hereby requested for alteration to the Articles of Association of the company in order to delete the common seal clauses.

None of the persons specified in Section 102 of the Companies Act, 2013 namely the Promoters, Directors, Key Managerial Persons, Relatives of Promoters, Directors and Key Managerial Persons or the entities comprising the interest of Promoters, Directors or Key Managerial Persons, are concerned or interested in the above resolutions.

By Order of the Board
For Chaitanya India Fin Credit Private Limited

Anand Rao
Joint Managing Director
DIN: 01713987
Date: September 01, 2021
Place: Bengaluru

Route Map: http://www.chaitanyaindia.in/contact-us.php



Chaitanya

Chaitanya India Fin Credit Private Limited

Registered Office Address

No.145, 2nd Floor, NR Square, 1st Main Road,
Sirsi Circle, Chamrajpet, Bangalore - 560018

CIN - U67190KA2009PTC049494