To,
Bombay Stock Exchange
1st Floor, New Trading Ring
Ratunda Building, P J Towers
Dalal Street, Fort Mumbai – 400001

Sub: Intimation under Regulation 53 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

Dear Sir/Madam,

Pursuant to Regulation 53(2) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find attached the Annual Report of the Chaitanya India Fin Credit Private Limited for the financial year 2022-2023, which includes the Notice for convening the Fourteenth Annual General Meeting of the Company.

This is for your information and records.

Thanking You,

Yours faithfully,

For Chaitanya India Fin Credit Private Limited.

ANAND RAO
Digitally signed by ANAND RAO
Date: 2023.08.23 14:45:32 +05'30'

Anand Rao,
Joint Managing Director
DIN: 01713987
Date: August 23, 2023
Place: Bengaluru

Chaitanya

Chaitanya India Fin Credit Private Limited

Annual Report 2022-23

Contents

Managing Director's Note

> The year saw the microfinance industry portfolio grow at a healthy rate of 21% bringing the industry back to normalcy post covid. The collection efficiency of microfinance loans, post covid, has also bounced back to normalcy at above 98%.

Dear All,

I am pleased to present our annual report for FY-23. The year saw the microfinance industry portfolio grow at a healthy rate of 21% bringing the industry back to normalcy post covid. The collection efficiency of microfinance loans, post covid, has also bounced back to normalcy at above 98%. The year also saw the portfolio market share of NBFC-MFIs growing to 40% overtaking banks for the first time in last four years. Chaitanya also had an excellent year with assets under management growing by 85%, from ₹2654 crores in FY22 to ₹4,910 crores in FY23 making Chaitanya the fastest growing large microfinance institution (NBFC-MFI) in the country. We continue to have one of the best collection efficiencies in the industry. Also, our ROA grew from 3% in FY22 to 4.1% in FY23.

The year was also the first year since uniform guidelines were set for all regulated entities providing microfinance. This is a welcome development for the sector and we have responded well to the new guidelines. The removal of margin caps will help NBFC-MFIs to engage in risk-based pricing further strengthening the long-term financials of the industry. Microfinance being a specialised business, a level playing field with the new guidelines should see NBFC-MFIs continue to be the dominant players in the sector. With the new guidelines, a strong economy and rural India doing well, we see a bright future for the industry.

In the last three years, we have built a solid senior management team which should help us to continue to grow robustly in the coming years. We have balanced high touch and digital, being conscious of the digital limitations of our women borrowers. As our women borrowers rapidly move to adopt digital means, especially payments, we will proactively move ahead and provide digital services to our customers in the coming years. The focus on strong processes and people culture, which has been our strength will continue in the future.

In conclusion, I would like to congratulate all our employees across the country for another good year for the company. I would also like to thank our Board members for helping us maintain high standards of corporate governance while facilitating our goals.

Regards,

Sachin Bansal
Managing Director & CEO

Our Values

Mission

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

Vision

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

Core Values

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

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.

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.

Company Information

Chief Financial Officer
Mr. Abhik Sarkar

Company Secretary
Mr. Anup Kumar Gupta

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

Secretarial Auditor
M/s. RSVH & Associates LLP

Statutory Auditor
M/s. Varma & Varma, Chartered Accountant

Debenture Trustee
Catalyst Trusteeship Limited
Windsor, 6th Floor, Office No – 604 C.S.T. Road,
Kalina Santacruz (East), Mumbai – 400 098
Fax: 022-49220505
Email: dt.mumbai@ctltrustee.com

List of Lenders
Development Finance Institutions (“DFIs”)
CDC Group PLC
MUDRA
NABARD

Multinational Corporation (“MNCs”)
DBS Bank India Limited
HSBC
SBM India Limited
Standard Chartered

Non-Banking Financial Company (“NBFC”)
Nabkisan Finance Limited
UC Inclusive Credit Pvt Ltd
Aditya Birla Finance Limited
Bajaj Finserv Limited
Hero FinCorp Limited
Mahindra and Mahindra FSL
MAS Financial Services Ltd.
NABSAMRUDDHI

Private Banks
Axis Bank Limited
Bandhan Bank Limited
Catholic Syrian Bank
DCB Bank Limited
Dhanlaxmi Bank Limited
Federal Bank Limited
HDFC Bank
ICICI Bank
IDBI Bank
IDFC First Limited
Karnataka Bank
Karur Vysya Bank
Kotak Mahindra Bank Limited.
RBL Bank Limited
South Indian Bank

Public Sector Undertakings (“PSUs”)
Bank of Baroda
Bank of Maharashtra
Canara Bank
Indian Bank
State Bank of India
UCO Bank
Union Bank of India
Yes Bank Limited

Small Finance Bank (“SFBs”)
Ujjivan Small Finance Bank

Insurance Partners
IFFCO-Tokio
Kotak Life Insurance
HDFC Life Insurance
ICICI Prudential Life Insurance
Aegon Life Insurance

Board and Committees

Details of Board of Directors:

Mr. Sachin Bansal	Managing Director & CEO
Mr. Anand Rao	Joint Managing Director
Mr. Ankit Agarwal	Director & Deputy CEO
Mr. Ranganathan Sridharan	Independent Director
Ms. Usha A Narayanan	Independent Director
Mr. Samit S Shetty	Nominee Director

Details of Committees of Board of Directors:

Audit Committee

Ms. Usha A Narayanan	Chairperson
Mr. Ranganathan Sridharan	Member
Mr. Samit S Shetty	Member

Risk Management Committee

Mr. Ranganathan Sridharan	Chairman
Ms. Usha A Narayanan	Member
Mr. Anand Rao	Member
Mr. Ankit Agarwal	Member

Nomination and Remuneration Committee

Ms. Usha A Narayanan	Chairperson
Mr. Ranganathan Sridharan	Member
Mr. Samit S 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. Anand Rao	Member
Mr. Sachin Bansal	Member
Mr. Linjin T	Member

Corporate Social Responsibility Committee

Mr. Ranganathan Sridharan	Chairman
Ms. Usha A Narayanan	Member
Mr. Anand Rao	Member

Finance Committee

Mr. Anand Rao	Member
Mr. Ankit Agarwal	Member

Loan Products

In pursuit of Chaitanya's mission of Improving lives of low-income families through provision of financial services and ensuring sustainable shareholder's return our product has been designed and offered to the customers. We intend to provide loan to a customer according to her need in very simplified manner and hence we offer two products

1 Loan under Group Lending

2 Retail Loan

An analysis of the year end portfolio shows that like earlier primarily loans have been utilized for Income generating activities while a miniscule portion is utilized for some other purposes. The overall category-wise distribution of the portfolio is given below:

Income Generating	**98%**
Livestock & Poultry	31%
Agri & allied	28%
Trade & Manufacturing	25%
Dairy	7%
Services & Small Business	7%
Consumption expenses	2%
Grand Total	**100%**

Key Milestones Achieved Since Inception

We have consistently maintained stable operations and robust business performance, in spite of global macroeconomic headwinds. The continuous branch expansion, expanding loan portfolio size and long tenure of customer association reaffirms our strong business model and process-driven efficient operations.

2004
Chaitanya NGO begins operations

2007
Foray into microfinance lending

2009
Approval of NBFC License

2013
Receipt of NBFC-MFI License from RBI

2016
Maiden external capital raise from marquee investors

2018
AUM crosses a landmark INR 500 Crores

2019
Joins the NAVI Group as a wholly-owned subsidiary

2021
Ratings upgrade to A Stable during the tough pandemic times

2022
Customer base jumps to 1 Mn with AUM crossing INR 3000 cr

2023
Prevalent customer base is 1.4 Mn with AUM crossing INR 4910 cr

Our innovative product portfolio, adoption of cutting-edge technology and implementation of best practices has ensured the continued faith of our stakeholders and has translated into a strong topline and bottom-line performance, year after year. Marquee investors trust the performance of our robust business model to yield competitive returns. We adhere to the highest standards of corporate governance and ethical business practices as mandated by regulatory bodies and partner with reputed lenders and credible financial institutions.

Nation-Wide Geographic Presence

The table below gives details of State-wise number of branches and districts where we have a robust business presence.

Ever-expanding physical presence and digital business footprint

	Branch	Districts
North Zone	144	45

	Branch	Districts
East Zone	152	39

	Branch	Districts
West Zone	180	55

	Branch	Districts
South Zone	237	44

Aligned with our strategic vision to transition into a pan-India rural finance company, Chaitanya is rapidly expanding its presence across India. Currently, our company offers microfinance products to the rural population spanning over 12 States. We are constantly exploring opportunities to further widen our reach into other states in India. Pan-India business presence across states, taluks, districts and villages.

Our Business Framework

We have consistently maintained stable operations and robust business performance, in spite of global macroeconomic headwinds. The continuous branch expansion, expanding loan portfolio size and long tenure of customer association reaffirms our strong business model and process-driven efficient operations.

Key Drivers and Focus Areas

Driven by Performance	Customer Success	Employee Satisfaction	Operational Excellence	Financial Performance	Corporate Social Responsibility
Obsessed with quality	Robust Products	Constant Footprint expansion	Hire exceptional talent	Unlock superior returns for investors	-
Fuelled by innovation	Best in class Practices	Prudent risk management	Sustainability focus	Building long-term relationships	-
Inspired by values	Women Economic empowerment	Focus on Agri and Rural	Caring for local communities	Philanthropy and Social Welfare	Business with a humane approach
Powered through technology	Process-driven approach	Scalable platforms	Digital-led business model	-	-

In today's complex business environment, characterized by change, unpredictability and transformation, it is imperative for organizations to foster long-term relations with customers, rapidly adopt technology, contribute towards the socio-economic upliftment of the marginalized and encourage the professional development of employees. As we continue to march ahead, Chaitanya has proactively endeavoured to achieve tangible progress across all frontiers of performance - financial, operational, CSR and stakeholder-engagement. As part of value-centric approach, we have segmented our strategic priorities into the following areas:

Deliver customer value:
Engage with low-income rural households especially women to enable credit access through convenient lending products towards economic empowerment

Catalyzecareer growth opportunities for employees:
Create livelihood for youth from local communities and focus on constant skill-building through frequent training and L&D programs

Championing the CSR cause:
Prioritize CSR activities as per UN SDG, benefitting the underprivileged

Tech as a business enabler:
Constantly upgrade technology and embrace innovative solutions

Process-driven approach:
Integrate best practices in corporate governance, risk and internal controls

Performance-driven ecosystem:
Thrust on holistic and sustainable growth-branch network expansion, financial metrics, operational excellence, ESG and asset quality

Continuous stakeholder engagement:
Build ever-lasting relationships and win stakeholder trust through a values-driven culture and professional ethics.

Engaging with Stakeholders

Since we commenced operations, our goal has been to facilitate credit access and fast-forward the financial empowerment of the bottom of the pyramid, especially women folk from rural areas.

We were able to transform our vision into reality owing to our emphasis on strong governance, CSR focus, efficient process-driven business model, technology adoption and forging ever-lasting relations with our diverse stakeholders.

As a result, we have built a resilient business while giving back to society through active CSR pursuits. Aligned to our theme, we have unlocked economic opportunities for our customers, created employment and livelihood for local communities and empowered millions of lives with our high-impact CSR initiatives.

Lenders

Partnering with reputed lenders to enable them to meet their priority sector lending targets.

Investors

Delivering superior returns for investors with a Growing loan portfolio that generates high ROI.

Employees

Career growth opportunities for employees with multiple skilling and upskilling L& D programs

Customers

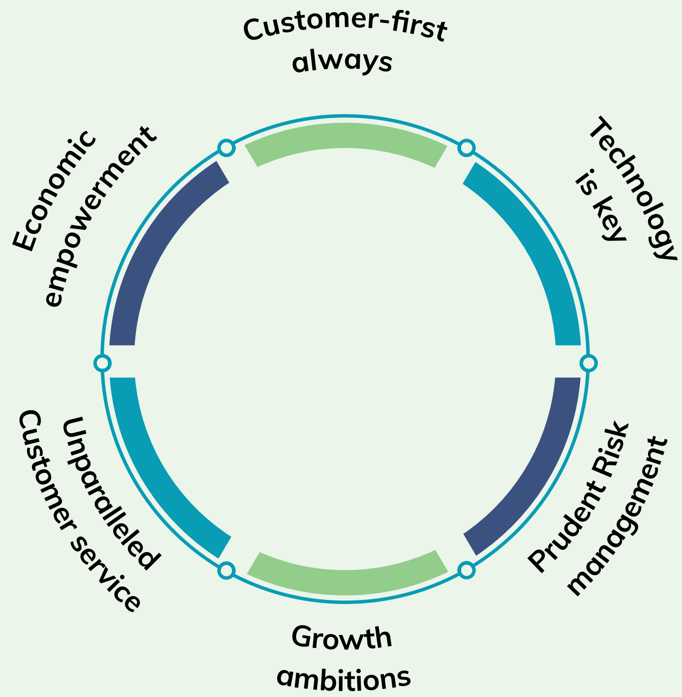
Customer-friendly lending products, carefully designed with customer needs as the key focus

Regulators

Absolute compliance with regulatory requirements at all times with maintenance of detailed data records

We remain ever-committed to continue to win the overwhelming support and faith of all our stakeholders. We build ever-lasting and meaningful relationships with diverse stakeholders across varied touchpoints through constant engagement, strengthening trust-based collaborations and delivering customer satisfaction. Our long association with multiple stakeholder groups is testimony to our value-centric focus with respect to the quality of relationships. We believe that the microfinance sector, with its broad-based coverage and social welfare goals has strong growth potential. Accordingly, we are optimistic of our growth prospects, as a company and our capability to continue to deliver consistent returns to our investors and generate value for other stakeholders.

Our Customer First Approach



Prudent Risk Management:

We utilize advanced risk tools and conduct thorough due diligence to assess the creditworthiness of each customer prior to loan sanction. Further, our deep knowledge of the rural economy, absolute adherence to stringent governance standards and strong audit function have enabled us to successfully achieve healthy asset quality with minimal credit risk.

Growth Ambitions:

We aim to further expand our loan portfolio including the geographic reach of our business, while maintaining a stable rating and earning the renewed faith of our customers.

Unparalleled Customer Service:

Many of our customers have a long history of association with Chaitanya spanning over a decade. Our steep customer retention rate motivates us to further raise the bar of service through our innovative offerings.

Customer-first always:

At Chaitanya, the customer needs always come first. We believe in agile operations and deploy state of the art technology to deliver flexible loan products with quick turnaround time.

Technology is key:

Our significant investments in technology upgradation and process improvements reflects our degree of intense commitment to constantly deliver beyond customer expectations.

Economic Empowerment:

Through our microfinance products, we are endeavoring to positively transform the lives of our customers belonging to the economically weak sections. Customer-first has been a core principle for our company throughout our journey and shall continue to be the driving force.

Customer Success Stories

Weaving an economic revolution with Ilkal Sarees

Ilkal Sarees were GI tagged on 24th September 2007. We spoke to our esteemed customers - The Weavers of Ilkal Sarees belonging to Kamatagi village, Bagalkot district, Karnataka. At Chaitanya, we grow only when our customers progress. Hear what our customers have to say about their winning association with Chaitanya.

Geeta Malatesh Channappanavar is taking forward the saree trade, a traditional art being handed down over generations, in her village Kamatagi. There are six members in her JLG group. She has been associated with Chaitanya for more than 3 years. She used her initial loan amount of INR 30,000 to purchase raw materials for making sarees. Reflecting her good grasp of business, she mentions that two women can complete weaving a single Ilkal saree in a day. Following which she is able to sell each saree for INR 1500, booking profits of around INR 500 per piece. She continues that over 50% of the village population are engaged in the saree weaving business for livelihood. The Ilkal sarees are popular amongst retail customers in the neighboring state of Maharashtra. Beyond Kamatagi, Ilkal sarees are also produced in the surrounding villages of Amingada, Sulibhavi, Ilkal, and Guledagudda. The soft-textured Kiri Kiri material and intricate Gadi design made on the saree reflect her true workmanship.

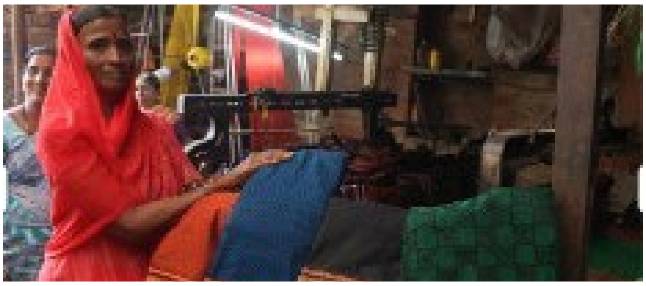
Shakuntala Devi and her husband Gurulingappa Hubballi have been in the art of weaving Ilkal sarees since childhood. They both belong to Bagalkot and weave Plain, Kondichukki and Katur styles of Ilkal sarees. Shakuntala has been our customer for over 5 years. Her initial borrowing was Rs 30,000 which she used for purchasing raw materials towards making sarees. After weaving the sarees, she sells them, and uses the profits to further expand her business.

Customer speak: "I would like to thank the entire team at Chaitanya for their tremendous support. Their pocket-friendly loans have enabled me to stand tall on my own feet and earn income from my childhood hobby and passion for weaving sarees" - **Shakuntala**

Chaitanya supports the flourishment of Indian weavers especially talented women weavers who can work magic on cloth. We believe that economic self-empowerment is possible through timely credit towards growing the weaving business. The success of our customers is the real performance indicator for us. We are humbled at the opportunity to support and create income generation opportunities for lakhs of women across India.

The sweat and toil that defines Guledgudd Khana (Fabric)

Let's meet the Weavers of Guledgudd Khana (Fabric) hailing from Guledagudda village, Bagalkot district, Karnataka. Customer satisfaction is at the heart of everything we do at Chaitanya. We have multiple metrics by which we assess CX delivery- returning customers, loan vintage period, customer business growth- expansion into new products, business lines or regions and regular feedback.



Sitavva Thipanna Hadapad is a hard-working, self-made woman. She along with her JLG group were determined to change the fortunes of the village community. Sitavva obtained loans from Chaitanya in multiple cycles, which has been fruitfully invested in diverse small business activities such as roti-making, agriculture and setting up a neighbourhood kirana shop. She has been associated with Chaitanya for the past 5 - 6 years. Every member in her JLG group is involved in diverse business operations. The loan amount helps them to earn their daily bread and butter.

Customer speak: "No words would be enough to express my immense gratitude to Chaitanya for transforming my life forever. Besides prompt loan sanction, I am happy with the service quality of Chaitanya. Their company representatives frequently visit our village to address all our queries and even train us on entrepreneurial activities."- **Sitavva**

For the rural economy to truly prosper, it is imperative that local residents are provided with income-generation opportunities in their villages itself, rather than being forced to migrate to cities and urban areas for employment. Chaitanya aims to build self-supporting, resilient, economically empowered communities in every nook and corner of the rural hinterland.

Our Customer First Approach Contd...

The immense skill behind Molakalmuru Saree

Molakalmuru Sarees were GI Tagged on 20 Dec 2007. We spoke to our esteemed customers - The Weavers of Molakalmuru Sarees, Kondalahalli village, Chitradurga district, Karnataka. Manjamma and her husband Govindappa are full-fledged engaged in weaving sarees from yarn. Manjamma has extensive tailoring experience of over 11 years and devotes her entire time to weaving Molakalmuru sarees. Saree weaving runs deep in the family blood. In fact, Majamma's family have been weaving traditional silk sarees for the past 35 years. Manjamma has been associated with Chaitanya since 2011. Prior to 2011, she was working as a laborer, making sarees as per business orders received from the contractor.

However, a business loan from Chaitanya positively changed her life for good. She put the borrowings to good use and invested the entire amount of INR 1 lakh to establish an independent saree manufacturing unit with the necessary machinery, tools and equipment. The loan proceeds helped her start saree production and sell sarees directly to customers.

The initial sum has enabled Manjamma to build her business from scratch and scale operations, along with boosting her self-confidence and significantly improving her economic condition. They are involved in saree making throughout the year to earn a living. The profit generated helps them to meet their daily expenditures and carry on the household responsibilities.

Customer speak: "I am grateful to Chaitanya for providing me a platform to monetize my skill sets in saree weaving. Besides being a saree weaver, I am an ardent admirer of the drape and fall of Molakalmuru Sarees. I hope to continue to engage with Chaitanya for a long time."- **Manjamma**

Spreading the fragrance of jasmine far and wide

We spoke to our esteemed customers - planters of Hadagali Malligae (Jasmine) in Bellary district, Karnataka. Ratnamma is a talented lady engaged in the floriculture business and belongs to Bellary. She has been associated with Chaitanya for the past 6 years. She invested her initial loan amount for purchasing fertilizers and pesticides, and for payment to plantation labourers. Jasmine has a long waiting period, it takes almost 2 years for the Malligae (jasmine flower) to bloom in its entirety with strong fragrance. The flowering happens daily for a period of 6 months in a year. During peak flowering season (around Ugadi time), the cultivators collect around 8-10 kgs of Malligae (Jasmine flower) per day from the field. The plucked flowers are sold in wholesale markets located in Shimoga and Davangere. Ratnamma and her husband Shataraju, own 2 acres of land which is used completely for Mallige cultivation. Ratnamma grows 3 different varieties of jasmine in her plantation which include Gundumalige, Kakada and Dundumallige.

Customer speak: "The jasmine business, though lucrative, is a seasonal one with fluctuating incomes. While 6-7 family members are working daily on the farm to ensure regular income, the loan given by Chaitanya is especially useful for the family especially during the non-festive season when the market is down to tide over liquidity shortfalls."-**Ratnamma**

Decoding the magical weft and warp of Lambani

We spoke to our esteemed customers - Lambani embroidery tailors. Embroidery is an intricate and painstaking art. Roopa Bai from Hospet, Vijayanagara district, Karnataka, narrates her journey. The major source of income for her family is earnings from the kirana store. To augment the family income, she started doing embroidery work.

The skillset helped the family get additional financial support. She and her family are associated with Chaitanya for 2-3 years. The initial loan availed of INR 30,000 enabled in expanding the store. Recently, she obtained a top-up loan of INR 80,000 from Chaitanya, which facilitated Roopa Bai to buy raw materials from the nearby town namely kaachi (glass), thread, and cloth.

Customer speak: "We are proud to be associated with Chaitanya as it continues to help us financially. I have a dream of owning a clothing store in the future. Just as Chaitanya has supported me and my family throughout my economic journey, I hope that Chaitanya would give wings to my dream to own my own boutique shop."- **Roopa Bai**

Corporate Social Responsibility (CSR)

Strengthening social infrastructure and enabling human development is a core facet of our CSR goals. Strategic CSR pursuits such as skill-building and livelihood generation are intrinsically linked to UN SDGs along with our business objectives comprising sustainable long-term growth.

At Chaitanya, we adopt a holistic CSR framework consisting of the following:

- UN SDG Goals compliance
- Abiding by the International Finance Corporation's (IFC) Exclusion List a sub-component of the World Bank Group towards assessment of loan applications from the ESG perspective
- In conformity with the requirements laid down under The Companies (Corporate Social Responsibility Policy) Rules, 2014 (hereinafter referred to as the "CSR Rules") issued by the Ministry of Corporate Affairs ("MCA"), Government of India under Section 135 of the Companies Act, 2013 ("the Act")

MEDIA COVERAGE

OUR COMPANY IN THE NEWS

'We are more powerful when we empower each other." Aligned with this philosophy, Chaitanya organizes multiple CSR programs across diverse focus areas to empower local communities

Beyond the purview of business activities, we proactively engage with local communities and continuously work towards enhancing the living standards of less-privileged persons belonging to low-income households.

Corporate Social Responsibility (CSR) contd...

Clean Water - Enabling access to a universal necessity

Water purifiers set up in schools, colleges, police stations promoting health care including preventive health care and sanitation. Some glimpses of CSR activities conducted across India & undertaken continuously throughout the year during FY2022-23

₹ 4.75 Lakhs
West Zone

₹ 8.56 Lakhs
South Zone

₹ 5.18 Lakhs
East Zone

₹ 5.94 Lakhs
North Zone

₹ 25 Lakhs
Allocation

₹ 21 Lakhs
Outlay

7,000
Beneficiaries

Relief Work-Improving quality of life for affected persons

Disaster Management, Including Relief, Rehabilitation and Reconstruction Activities. Some glimpses of CSR activities conducted across India & undertaken continuously throughout the year during FY2022-23

Skilling-Enhancing skillsets in rural youth through training programs

Specialized training sessions with vocational courses provided to rural youth to increase their employability. The break-up of candidates who were provided the requisite training at the following centers are:

Halaguru Center:
110 candidates

Kanakpura Center:
94 candidates

Chaitanya organized a job-oriented skill training program during Oct 2022-Dec 2022, which was conducted in collaboration with We Care Society (WCS), Bengaluru. Under this program, 200 youth from Mandya & Ramanagara district of Karnataka were provided training in the following courses:

- Computer Data Entry
- Warehousing
- Machine Operator-Fitter
- Computer Literacy and Data Entry
- Microfinance

Training costs, calculated as per the Common Cost Norms of Ministry of Skill Development and Entrepreneurship (MSDE), Govt of India, was estimated at INR 10,000 per participant for 200 participants. Our company provided a grant of INR 21 lakhs to WCS to successfully carry out the skilling program for the eligible candidates. Out of the total training hours, 180 Hours included core course consisting of both, practical & theory session. 30 hours was allotted towards soft skills training. Candidates who completed the training underwent a final assessment with a certificate mentioning the successful course completion and marks secured.

Other Initiatives by the Company

Empowering Education in Jharkhand

In pursuit of the Sustainable Development Goals (SDGs), particularly Goal 4: Quality Education, our organization in October, 2022 inaugurated a Learning Center in the state of Jharkhand, 15km from Ranka branch- in Siroi Khurd Village. With our learning center we attempted to establish a supplementary educational institution to the existing formal education system, catering to the needs of students who lack resources or face difficulties in their regular studies. Our primary focus was on 50 students, ranging from Nursery to 8th grade.

Recognizing the importance of local connect, we onboarded a local teacher who is a point of contact between the students and our organization. The recruited on-site teacher proficiently covers subjects like Mathematics, Hindi, and Sanskrit. Additionally, to provide a structured approach to English and Science, we partnered with skillful online tutors who share their expertise in these subjects through online classes. Alongside academic learning, our learning center emphasized the importance of life skills, critical thinking, and creativity, nurturing well-rounded individuals, preparing them for the challenges of the modern world.

To track the progress of the students, their academic achievements, we adopted measures which will gauge the long-term impact of the initiative. By offering quality education and targeted support to underserved students, we contribute to ensuring inclusive and equitable education also paving the way for a brighter future for the young minds, creating a positive impact that resonates far beyond the classroom walls.

Electronic Waste Management

Our electronic waste management endeavors underline our unwavering dedication to sustainable business practices and environmental protection. With the rapid growth of technology, the responsible disposal of electronic waste (e-waste) has become imperative. In the last financial year, we have implemented an e-waste collection system and educated employees about the importance of proper e-waste disposal. We have also established guidelines for data destruction to protect sensitive information, which is monitored on regular intervals. Our primary method of E-waste disposal is Recycling.

By responsibly managing e-waste, we contribute to a cleaner environment and conservation of valuable resources. We are committed to fostering a culture of conscious consumption, striving towards a sustainable greener future.

Directors' Report

To
The Members,
Chaitanya India Fin Credit Private Limited

The Board of Directors have the pleasure of presenting the 14th Board's Report of Chaitanya India Fin Credit Private Limited along with the Audited Financial Statements for the Financial Year which ended on March 31, 2023.

FINANCIAL SUMMARY AND HIGHLIGHTS

The Financial Statements of the Company for the year ended March 31, 2023, have been prepared in accordance with Indian Accounting Standards notified under Section 133 and Schedule III to the Companies Act 2013.

Particulars	FY23 (In lakhs)	FY22 (In lakhs)	Change over FY22
Total income	76,337.2	36,126.3	111.31%
Finance cost	26,553.8	13,114.1	102.48%
Net income	**49,783.4**	**23,012.3**	**116.33%**
Operating expenses	27,124.0	13,672.7	98.38%
Pre provision operating profit	**22,659.4**	**9,339.6**	**142.62%**
Impairment of financial instruments	3,371.8	2,308.5	46.06%
Profit before tax	**19,287.6**	**7,031.1**	**174.32%**
Profit after tax	**14,835.3**	**5,225.3**	**183.91%**
Other comprehensive income	-69.3	-191.0	-63.72%
Total comprehensive income	**14,766.0**	**5,034.3**	**193.31%**

During the financial year the Company's revenue grew by 111% to INR. 76,337.2 lakhs (previous year INR. 36,126.3 lakhs) and the net income grew by 116% to INR. 49,783.4 lakhs (previous year INR. 23,012.3 lakhs). The total operating expenses grew by 98% to INR. 27,124 lakhs (previous year INR. 13,672.7 lakhs). Profit before tax grew by 174% to INR. 19,287.6 lakhs (previous year INR 7,031.1 lakhs). Profit after tax grew by 184% to INR 14,835.3 lakhs (previous year INR. 5,225.3 lakhs). Total comprehensive income grew by 193% to INR. 14,766 lakhs (previous year INR. 5,034.3 lakhs). During the year the Company provided an impairment allowance of INR. 3,371.8 lakhs (previous year INR. 2,308.5 lakhs).

KEY OPERATIONAL HIGHLIGHTS

Particulars	FY23	FY22	FY21
Branches	713	474	275
Districts	183	111	68
States	12	10	7
Borrowers (in lakhs)	13.7	8.1	5.1
JLG Loans disbursed (INR. in lakhs)	4,98,785	2,63,901	1,28,840
Total assets under management (INR. in lakhs)	4,91,018	2,65,439	1,39,633

During the year, the number of branches grew by 50% to 713 (previous year 474). The number of borrowers grew by 68 % to 13.67 lakhs (previous year 8.14 lakhs). Loan disbursal grew by 89% to INR 4,98,785 lakhs (previous year INR 2,63,901 lakhs).

Total assets under management grew by 85% to INR 4,91,018 lakhs (previous year INR 2,65,439 lakhs)

DEEMED PUBLIC COMPANY

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

TRANSFER TO RESERVES

As per the extant guidelines of Reserve Bank of India for NBFCs, the Company transferred 20% of its profits for the year amounting to INR 2,967.10 lakhs to reserves created as per the norms laid down under Section 45-IC of the Reserve Bank of India Act, 1934.

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

DIVIDENDS

In order to augment the capital requirements for supporting the growth of business of the Company that requires substantial resources, the Board of Directors did not recommend any dividend on Equity Shares for the Financial Year 2022-23.

DETAILS OF DEPOSITS

The Company is a non-deposit taking NBFC-MFI and has not accepted any deposit as defined by the Companies Act, 2013.

RBI GUIDELINES & SRO

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

The Company is in compliance with the regulatory requirements of net owned funds ('NOF') as defined under Section 45-IA of the RBI Act, 1934, to carry on the business of an NBFC-MFI

The Company being a member of MFIN, follows the Code of Conduct as prescribed by the SRO. The Company also complies with the standards and rules as prescribed by the above SRO from time to time.

SCALE-BASED REGULATION FOR NBFC

In October 2021, the Reserve Bank of India notified scale-based regulation for NBFCs. Based on their size, activity, and risk exposures, NBFCs are categorized into the base, middle, upper, and top layers.

The Scale Based Regulation Framework for Non-Banking Financial Companies is effective from October 01, 2022. The key highlights of the scale-based regulation for NBFCs are as under;

Enhanced Governance – RBI has amended and uniformed governance structure that will apply layer-wise.

- The governance over different layer will vary and depends on the meeting of thresholds by NBFCs
- Additional Disclosure Requirements for Upper and Middle Layer NBFCs are prescribed
- Constitution of Internal Committees and Assessments

Since the asset size of your Company is of more than ₹1000 crore, considered as a Middle Layer as per the Regulatory Structure for NBFCs.

Internal Capital Adequacy Assessment Process

NBFCs are required to make a thorough internal assessment of the need for capital, commensurate with the risks in their business. This internal assessment shall be on similar lines as ICAAP prescribed for commercial banks under Pillar 2.

During the year under review, your Company has framed and adopted ICAAP policy.

Core Financial Services Solution

The Core Financial Services Solution is required to be implemented by the NBFC Middle layer and an upper layer with 10 or more Fixed Point Service Delivery Points on or before September 30, 2025, and the implementation of the solution has to be reported to the Reserve Bank of India on a quarterly basis

CAPITAL ADEQUACY

Your Company being a Systemically Important Non- Deposit Accepting NBFC is subject to the capital adequacy requirements prescribed by the Reserve Bank of India. The Company was required to maintain a minimum Capital to Risk Asset Ratio (CRAR) of 15% as prescribed under the Non- Banking Financial Company- Micro Finance Institutions (Reserve Bank) Directions, 2016 (as amended from time to time) based on total capital to risk weighted assets. As of March 31, 2023, the Company's total Capital to Risk Asset Ratio stood at 22.34.% out of which Tier I capital adequacy ratio was at 16.01 % and Tier II capital adequacy ratio was at 6.33 %. is well above the regulatory minimum of 15%.

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").

MAJOR EVENTS THAT OCCURRED DURING THE YEAR

State of Company's Affairs

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

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

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

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

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

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

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

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

MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR OF THE COMPANY TO WHICH THE FINANCIAL STATEMENTS RELATE AND THE DATE OF THE BOARD'S REPORT:

There are no material changes and commitments affecting the financial position of the Company, which has occurred between the end of the financial year of the Company i.e. March 31, 2023 and the date of the Directors' Report

DETAILS OF REVISION OF FINANCIAL STATEMENT OR THE REPORT

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

ISSUE OF NON-CONVERTIBLE DEBENTURES (NCDs):

During the year, the Company has issued

- 500 Unsecured, Rated, Listed, Redeemable, Taxable, Non-Convertible Debentures at a face value of INR.10,00,000/- each aggregating to INR 50 Crores on a private placement basis.
- 1500, Unsecured, Subordinated, Unlisted, Rated, Redeemable Non-Convertible Debentures at a face value of INR.5,00,000/- each aggregating to INR 75 Crores on a private Placement basis. The said NCDs eligible for Tier II Capital and
- 12,500, Unsecured, Subordinated, Listed, Rated, Redeemable, taxable, transferable, non-convertible debentures of face value of INR.1,00,000/- each aggregating to INR. 125 Crores on a private placement basis. The said NCDs eligible for Tier II Capital.

Further, the Company has been regular in making payments of principal and interest on all the outstanding NCDs issued by the Company on a private placement basis and there are no principal repayments or interest payments that are unclaimed by investors or unpaid by the Company after the date on which the NCDs were redeemed or interest has been paid.

AUTHORIZED SHARE CAPITAL:

The Authorised Share Capital of the Company was increased from INR.121,50,00,000/- (Indian Rupees One Hundred and Twenty-One Crore Fifty Lakhs) to INR.2,71,50,00,000/- (Indian Rupees Two Hundred Seventy-One Crore and Fifty Lakh Only) divided into

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

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

ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL:

During the year under review the Company has issued & allotted equity shares to Navi Finserv Limited (NFL), Holding Company

Date of Allotment	No. of Shares	Face value	Premium	Total Consideration
May 31,2022	2,50,00,000	10/-	30/-	100,00,00,000
August 30,2022	166,66,666	10/-	35/-	74,99,99,970

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 Limited (formerly Navi Technologies Private Limited).

CREDIT RATING

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

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

A STATEMENT REGARDING OPINION OF THE BOARD WITH REGARD TO INTEGRITY, EXPERTISE AND EXPERIENCE (INCLUDING THE PROFICIENCY) OF THE INDEPENDENT DIRECTORS APPOINTED DURING THE YEAR

No Director was appointed during the year under review.

PERFORMANCE EVALUATION OF BOARD, COMMITTEES, AND DIRECTORS

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

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

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

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

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

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

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

ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENT

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

REPORTING OF FRAUDS BY AUDITORS

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

PARTICULARS OF LOANS, GUARANTEES, AND INVESTMENTS

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

COMPANY'S POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION FOR DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES.

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

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

The Board of Directors has, based on the recommendation of the NRC of the Company, approved the policy on Directors' appointment and remuneration for Directors, KMP and other employees, which is available on the website of the Company at the given weblink: https://www.chaitanyaindia.in/policies/

Brief framework of the Policy:

The objectives of this Policy are as follows:

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

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

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

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

CORPORATE SOCIAL RESPONSIBILITY

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

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

The Board adopted the CSR Policy, formulated and recommended by the CSR Committee, and the same is available on the Company's website and can be accessed at the given weblink: https://www.chaitanyaindia.in/policies/

During the year under review, the Company has incurred an expenditure of INR 68.91 Lakhs towards CSR Activities which includes administrative overhead. The entire allocation was spent at multiple states where the Company is having its operations.

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 31.03.2023 (In INR)	As on 31.03.2022 (In INR)
Foreign Exchange inflow	Nil	Nil
Foreign Exchange Outflow	Nil	Nil

RISK MANAGEMENT POLICY

The Board of the Company has adopted the Risk Management Policy to assess, monitor and manage risk throughout the Company. Risk is an integral part of the Company's business, and sound risk management is critical to the success of the organization and policy provides a robust risk management framework to identify and assess various risks such as credit risk, market risk, operational risk, liquidity risk, regulatory risk and other risks. There is an adequate risk management infrastructure in place capable of addressing these risks.

VIGIL MECHANISM

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

To this effect, the Board has adopted a "Whistle Blower Policy", which is overseen by the Audit Committee. The policy inter-alia provides a safeguard against victimization of the Whistle Blower. Employees and other stakeholders have direct access to the chairperson of the Audit Committee for lodging concerns if any, for review. The said policy has been posted on Company's website https://www.chaitanyaindia.in/policies/

STATUTORY AUDITORS

The Company has appointed M/s. Varma and Varma, Chartered Accountants, (ICAI FRN003532S), Bangalore, as Statutory Auditors of the Company for a period of three years from the conclusion of the 12th Annual General Meeting held on September 06, 2021 till the conclusion of the 15th Annual General Meeting, pursuant to RBI Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs)

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

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 2022-23.

SECRETARIAL AUDIT REPORT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board in its meeting held on November 08, 2022, has reappointed M/s. RSVH & Associates, Practicing Company Secretaries [Firm Reg. No. AAS-2232] as Secretarial Auditor of the Company for the Financial Year 2022-23 to undertake the Secretarial Audit. The Report of the Secretarial Auditor for the year ended March 31, 2023, is annexed to the Directors' Report as **Annexure-II**.

There are no disqualifications, reservations, adverse remarks or disclaimers in the Secretarial Audit Report issued by Secretarial Auditors for the FY 2022-23.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

During the financial year 2022-23, there are no significant material related party transactions with the Company's Promoters, Directors, Key Managerial Personnel or other designated person which may have potential conflict with the interest of the Company at large. No Contracts / arrangements / transactions were entered by the Company during the FY 2022-23 with related parties under Section 188 of the Act. Therefore, in compliance with section 188(1) of the Companies Act, 2013, the particulars of contracts / arrangements with related parties under Section 188 in Form AOC-2 is not annexed with this report.

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

Approval of the Audit Committee was obtained for all related party transactions entered during FY2023. Details of such transactions were placed before the Audit Committee for its noting/review on a quarterly basis.

The Policy on related party transactions as approved by the Board which is annexed to this report as **Annexure- III** and may be accessed on the Company's website at the given weblink: https://www.chaitanyaindia.in/policies/

ANNUAL RETURN

Pursuant to Section 134(3)(a) and Section 92(3) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, the Annual Return as on March 31, 2023, in Form No. MGT-7, is available on the Company's website and can be accessed at the weblink: https://www.chaitanyaindia.in/annual-return/

CORPORATE GOVERNANCE REPORT

Your Company has framed an Internal Guidelines on Corporate Governance, in compliance with the Directions issued by RBI for NBFCs. The Company has put in place various policies, systems and processes to achieve transparency, high level of business ethics and compliance with applicable laws. A Complete Report on Corporate Governance is attached as **Annexure – IV** forming part of the Director's Report

MEETINGS OF BOARD OF DIRECTORS AND COMMITTEES

Please refer to the Corporate Governance Report for details

MAINTENANCE OF COST RECORDS

The provisions of Section 148 of the Companies Act, 2013 and Rules framed thereunder pertaining to maintenance of cost records as well as appointment of Cost Auditors are not applicable to the Company.

DETAILS REGARDING ANY PROCEEDINGS PENDING UNDER INSOLVENCY AND BANKRUPTCY CODE, 2016:

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

MATERIAL ORDERS OF JUDICIAL BODIES/ REGULATORS

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

DETAILS OF DIFFERENCE BETWEEN AMOUNT OF VALUATION DONE

Not Applicable

DISCLOSURES PERTAINING TO THE SEXUAL HARASSMENT OF WOMEN AT THE WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

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

During FY 2022-23, the Company did not receive any complaint on sexual harassment. Further following is the summary of complaints received and disposed-off.

a) Number of complaint(s) received: Nil

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

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

d) Number of workshops/awareness programs against sexual harassment carried out: 3 (Three)

PENALTY OR PUNISHMENT IMPOSED ON THE COMPANY, ITS DIRECTORS OR OFFICERS AND DETAILS OF COMPOUNDING OF OFFENCES AND APPEALS MADE AGAINST SUCH PENALTY OR PUNISHMENT;

The Company had made a suo moto application for adjudication with the Registrar of Companies, Bangalore on December 09, 2021, for contravening the provision of Section 161 the Companies Act, 2013 on Director Appointment and the same has been rectified by the Company by following the procedure required as per the Act. Further, the Registrar of Companies, Karnataka by way of its order dated July 5, 2022 imposed a penalty of INR 3,00,000 on Company, INR 1,00,000 each on Directors & KMPs of the company. Later the Company filed an appeal dated July 8, 2022 with the Regional Director, South Eastern Region , Ministry of Corporate Affairs , Hyderabad against the order on grounds that non-compliance under Section 161 of the Companies Act was unintentional and filed the adjudication suo-moto without receiving any notice from the MCA regarding the default and also requested to reduce the overall penalty by 50% of the amount

Further, the Regional Director, after considering the appeal, reduced the penalty to INR 3,75,000 in aggregate on Company and Officers in default and the same has been paid.

ACKNOWLEDGMENT

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

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

Sachin Bansal	**Anand Rao**
Managing Director	Joint Managing Director
DIN: 02356346	DIN: 01713987

Date: May 24, 2023
Place: Bangalore

ANNEXURE I

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILTY ACTIVITIES

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

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

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

2. CSR Activities for the Financial Year 2022-23

In the Financial Year 2022-23, beyond the Company's financial obligations, the Company was actively engaged in contributing to corporate social responsibility (CSR) activities with several initiatives and efforts focusing on making positive contributions to the communities where it operates making an impact on society and the environment. The following are some of the notable activities undertaken:

1. **Providing basic amenities at public places (Schools / Police Stations / Railway Stations / Gram Panchayats)**

   The Company took steps to improve the quality of life in the communities by purchasing & installing 93 (Ninety-Three) water purifiers with coolers at public places such as Colleges, Gram Panchayats, Hospitals, Schools, Police Stations, and other public places and key locations. The objective was to provide safe drinking water to the community at large. These installations were carried out across several states, including Madhya Pradesh, Rajasthan, Karnataka, Uttar Pradesh, Bihar, and Tamil Nadu.

2. **Extending Support during Natural Calamities (food, medicine, clothes, etc.)**

   The company organized relief camps to provide essential aid to the affected population. This included distributing food, medicine, clothing, and other necessary items. The states covered for these relief efforts were Madhya Pradesh, Rajasthan, Gujarat, Uttar Pradesh, Karnataka, Tamil Nadu, and Maharashtra, with the aim of assisting the flood-affected individuals during their challenging times.

3. **Empowering Rural Youth through Skill Development**

   Recognizing the importance of skill development for rural youth, the Company initiated specialized training sessions in collaboration with the "We Care Society (WCS)." These training programs were designed to enhance the employability of participants from rural backgrounds. A total of 204 candidates participated in the training, which covered various vocational courses such as Computer Data Entry, Warehousing - Assistant, Machine Operation - Fitter, Computer Literacy & Data Entry, Micro Finance Executive, as well as 30 hours of soft skills training.

   These CSR activities reflect the Company's commitment to making a positive impact on society by addressing the community's needs, supporting disaster-stricken areas, and empowering individuals through skill development programs.

3. The Composition of the CSR Committee:

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

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

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

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

5. **Provide the executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8, if applicable.**

Impact Assessment is not applicable to the Company.

6. a) **Average net profit of the company as per section 135(5)**

The average net profit for the Company for the three immediately preceding Financial Year amounts to INR 34,20,16,281/-(Indian Rupees Thirty Four Crore Twenty Lakhs Sixteen Thousand Two Hundred and Eighty One Only)

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

Two percent of average net profit of the company amounts to INR 68,40,326 /- (Indian Rupees Sixty-Eight Lakh Forty Thousand Three Hundred and Twenty-Six Only)

c) **Surplus arising out of the CSR projects or programmes or activities of the previous financial years :** NIL

d) **Amount required to be set off for the financial year, if any:** NIL

e) **Total CSR obligation for the financial year [(b)+(c)-(d)] :** INR. 68,40,326 /- (Indian Rupees Sixty-Eight Lakh Forty Thousand Three Hundred and Twenty-Six Only)

7. (a) **Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project):** INR. 67,75,397/- (Indian Rupees Sixty Seven Lakhs Seventy Five Thousand Three Hundred and Ninety Seven Only)

(b) **Amount spent in Administrative overheads:** change to INR.1,15,944/- (Indian Rupees One Lakhs Fifteen Thousand Nine Hundred and Forty Four Only)

(c) **Amount spent on Impact Assessment, if applicable.:** Nil

(d) **Total amount spent for the Financial Year [(a)+(b)+(c)]** INR. 68,91,341/- (Indian Rupees Sixty Eight Lakhs Ninety One Thousand Three Hundred and Forty One Only)

(e) **CSR amount spent or unspent for the Financial Year:** NIL

Total Amount Spent for the Financial Year. (In Rs.)	Amount Unspent (in Rs.)				
	Total Amount transferred to Unspent CSR Account as per sub¬section (6) of section 135.		Amount transferred to any fund specified under Schedule VII as per second proviso to sub-section (5) of section 135.		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
68,91,341	-	-	-	-	-

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

SL No.	Particular	Amount (in Rs.)
(1)	(2)	(3)
(i)	Two percent of average net profit of the company as per sub-section (5) of section 135	-
(ii)	Total amount spent for the Financial Year	-
(iii)	Excess amount spent for the Financial Year [(ii)-(i)]	-
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any	-
(v)	Amount available for set off in succeeding Financial Years [(iii)-(iv)]	-

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

1	2	3	4	5	6		7	8
Sl. No.	Preceding Financial Year(s)	Amount transferred to Unspent CSR Account under sub-section (6) of section 135 (in Rs.)	Balance Amount in Unspent CSR Account under sub¬section (6) of section 135 (in Rs.)	Amount Spent in the Financial Year (in Rs)	Amount transferred to a Fund as specified under Schedule VII as per second proviso to sub-section (5) of section 135, if any		Amount remaining to be spent in succeeding Financial Years (in Rs)	Deficie ncy, if any
					Amount (in Rs)	Date of Transfer		
Nil								

9. **Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year:** Not Applicable

10. **Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per sub-section (5) of section 135.:** Not Applicable

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

Mr. Sridharan Ranganathan
Independent Director
DIN: 00868787

Date: May 24, 2023
Place: Bangalore

Anand Rao
Joint Managing Director
DIN: 01713987

Date: May 24, 2023
Place: Bangalore

ANNEXURE II

Secretarial Audit Report

For the financial Year ended March 31, 2023

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

To,
The Members
Chaitanya India Fin Credit Private Limited
Brigade Software Park, 27th Cross Rd,
Banashankari Stage II, Banashankari,
Bengaluru, Karnataka 560070

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

Based on our verification of the company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March 2023, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2023 according to the provisions of:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ii. The Listing Agreements entered into by the Company with Stock Exchange(s), (to the extent of its applicability)

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

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

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

b. Applicable Labour laws

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

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

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

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

For RSVH & Associates LLP
Company Secretaries
Registration No: L2020KR006800

Vinayak Hegde Partner
M.No: 28093; CP.No: 11880
UDIN: A028093E000304468

Date: 15.05.2023
Place: Bangalore

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

Annexure A

To,
The Members
Chaitanya India Fin Credit Private Limited
Brigade Software Park, 27th Cross Rd,
Banashankari Stage II, Banashankari,
Bengaluru, Karnataka 560070

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

1. Maintenance of Secretarial record is the responsibility of the management of (the Company). Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test check basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices that we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company. Further compliance of direct and indirect tax laws and maintenance of financial records and books of accounts have not been reviewed in this Audit.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test check basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For RSVH & Associates LLP
Company Secretaries
Registration No: L2020KR006800

Vinayak Hegde Partner
M.No: 28093; CP.No: 11880
UDIN: A028093E000304468

Date: 15.05.2023
Place: Bangalore

Annexure III

Related Party Transactions Policy of Chaitanya India Fin Credit Private Limited

ABOUT THE COMPANY

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

PREAMBLE

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

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

OBJECTIVE

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

RELEVANT DEFINITIONS UNDER THE ACT

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

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

POLICY

I. APPROVAL OF AUDIT COMMITTEE

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

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

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

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

2. Where the need for a related party transaction cannot be foreseen and aforesaid details are not available, the Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs. 1 crore per transaction.

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

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

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

II. APPROVAL OF THE BOARD

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

III. APPROVAL OF SHAREHOLDERS

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

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

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

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

   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 IV

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Corporate governance essentially involves balancing the interests of a company's many stakeholders, such as shareholders, management, customers, suppliers, financiers, government and the community. Corporate Governance is a set of systems and practices to ensure that the affairs of the Company are being managed in a way which ensures accountability, transparency and fairness in all transactions in the widest sense and meets the stakeholder's aspirations and social expectations. Corporate Governance is a journey for constantly improving sustainable value creation and is an upward-moving target.

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

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

BOARD OF DIRECTORS

As at March 31, 2023, your Company's Board consists of 6 (Six) members of whom 3(Three) Executive Directors, 2(Two) Independent Directors and 1(One) Nominee Director. The composition of the Board is in conformity with the provisions of the Companies Act, 2013.

During the year, the Board met 6(Six) times on April 08, 2022, May 14, 2022, August 10, 2022, November 08, 2022, February 06, 2023 & March 08, 2023, and the time gap between any two of the said meetings had not exceeded one hundred and twenty days.

Composition of Board and Attendance record during the Financial Year 2022-23

Sl. No.	Name of the Director	Director since	Capacity	DIN	Number of Board Meetings		No. of other Directorships
					Held	Attended	
1.	Mr. Sachin Bansal*	19/10/2021	Managing Director & CEO	02356346	6	2	5
2.	Mr. Anand Rao	31/03/2009	Joint Managing Director	01713987	6	6	0
3.	Mr. Ankit Agarwal	06/03/2020	Executive Director	08299808	6	5	8
4	Mr. Samit Shankar Shetty	31/03/2009	Nominee Director	02573018	6	6	5
5.	Ms. Usha A Narayanan	06/07/2020	Independent Director	06939539	6	5	5
6.	Mr. Ranganathan Sridharan	18/08/2020	Independent Director	00868787	6	6	3

*Mr. Sachin Bansal was initially appointed by the Board as Director on March 6, 2020. Due to a procedural lapse in his appointment, he resigned and was reappointed by the Board on October 19, 2021.

REMUNERATION OF DIRECTORS

(In Rs.)

Sl. No.	Name of the Director	Remuneration			No. of shares held in and convertible instruments held in the NBFC
		Salary and other compensation	Sitting Fee	Commission	
1.	Mr. Sachin Bansal	1	-	-	-
2.	Mr. Anand Rao	1,47,98,197	-	-	1*
3.	Mr. Ankit Agarwal	-	-	-	1*
4	Mr. Samit Shankar Shetty	-	14,00,000	-	-
5.	Ms. Usha A Narayanan	-	18,00,000	-	-
6.	Mr. Ranganathan Sridharan	-	22,00,000	-	-

Note:

1. The Company has not issued any convertible instrument and none of the directors hold any convertible instrument.
2. *Holding on behalf of the Navi Finserv Limited, Holding Company

RESIGNATION / APPOINTMENT OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

There were no appointments and resignations of Directors and Key Managerial Personnel (KMP) during the year under review.

KEY MANAGERIAL PERSONNEL:

Pursuant to the provisions of Section 203 of the Act, the Key Managerial Personnel of the Company as on March 31, 2023 are:

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

WOMAN DIRECTOR

In terms of the provisions of Section 149 of the Companies Act, 2013, the Company needs to have at least one-woman director on the Board and the Company has Ms. Usha A Narayanan as Independent Woman Director on the Board.

COMMITTEES OF THE COMPANY

The Company, as on March 31, 2023, had 8(Eight) Committees; Audit Committee, Nomination & Remuneration Committee, Corporate Social Responsibility Committee, Asset Liability Management Committee, Risk Management Committee, Finance Committee, Information Technology Strategy Committee and Information Technology Steering Committee.

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

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

AUDIT COMMITTEE

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

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

During the FY 2022-23 the Committee has met 6 (Six) times on, April 7, 2022, May 06, 2022, August 09, 2022, November 07, 2022, February 04, 2023, and March 08, 2023.

Composition of Committee and Attendance record during the Financial Year 2022-23

Name of the Director	Member of Committee since	Capacity	Number of Meetings of the Committee	
			Held	Attended
Ms. Usha A Narayanan,	September 21, 2020	Chairperson, Independent Director	6	6
Mr. Ranganathan Sridharan	September 21, 2020	Member, Independent Director	6	6
Mr. Samit S Shetty	September 21, 2020	Member, Promoter Nominee	6	6

NOMINATION AND REMUNERATION COMMITTEE

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

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

During the FY 2022-23, the Committee met 2(Two) times on June 24, 2022 & February 06, 2023.

Composition of the Nomination and Remuneration Committees and Attendance record during the Financial Year 2022-23

Name of the Director	Member of Committee since	Capacity	Number of Meetings of the Committee	
			Held	Attended
Ms. Usha A Narayanan	September 21, 2020	Chairperson, Independent Director	2	2
Mr. Ranganathan Sridharan	September 21, 2020	Member, Independent Director	2	2
Mr. Samit Shankar Shetty	September 21, 2020	Member, Promoter Nominee	2	2

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

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

During the FY 2022-23 the Committee met on April 28, 2022

The composition of the Corporate Social Responsibility Committee and Attendance record on March 31, 2023, are as follows:

Name of the Director	Member of Committee since	Capacity	Number of Meetings of the Committee	
			Held	Attended
Mr. Ranganathan Sridharan	September 21,2020	Chairman Independent Director	1	1
Ms. Usha A Narayanan,	September 21,2020	Member, Independent Director	1	1
Mr. Anand Rao	September 20, 2019	Member, Joint Managing Director	1	1

INFORMATION TECHNOLOGY STRATEGY COMMITTEE

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

The Committee met twice during FY 2022-23 as required under the above Master Direction on July 20, 2022 & January, 18, 2023

Composition of the Information Technology Strategy Committee and Attendance record during the Financial Year 2022-23

Name of the Director	Member of Committee since	Capacity	Number of Meetings of the Committee		No. of shares held in the NBFC
			Held	Attended	
Mr. Ranganathan Sridharan	September 21, 2020	Chairman Independent Director	2	2	-
Mr. Sachin Bansal	November 09, 2021 ##	Member, Managing Director	2	1	-
Mr. Anand Rao,	September 21, 2020	Member, Chief Information Officers (CIOs)	2	2	1*
Mr. Linjin T	September 21, 2020	Member, Chief Technology Officers (CTO)	2	2	

*Holding on behalf of Navi Finserv Limited, Holding Company.

Re-inducted as a member of the Committee

INFORMATION TECHNOLOGY STEERING COMMITTEE

Pursuant to Master Direction – Information Technology Framework issued by RBI for NBFC Sector, the Company has constituted an IT steering Committee which is a sub-committee of the Information Technology Strategy Committee. It oversights and monitoring of the progress of the project.

The Committee met twice during FY 2023 on August 18, 2022 & December 26, 2022.

Composition of the Information Technology Steering Committee and Attendance record during the Financial Year 2022-23

Name of the Director	Member of Committee since	Capacity	Number of Meetings of the Committee		No. of shares held in the NBFC
			Held	Attended	
Mr. Sachin Bansal	November 09, 2021 ##	Chairman, Managing Director	2	2	-
Mr. Anand Rao	June 18, 2021	Member, Joint Managing Director	2	2	1*
Mr. Linjin T,	June 18, 2021	Member, Chief Technology Officers (CTO)	2	2	

*Holding on behalf of Navi Finserv Limited, Holding Company.

Re-inducted as a member of the Committee

RISK MANAGEMENT COMMITTEE

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

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

During the FY 2022-23 the Committee has met 5 (Fifth) times viz., April 28,2022, August 02,2022, September 28,2022, November 03,2022, January 30,2023.

Composition of Committee and Attendance record during the Financial Year 2022-23

Name of the Director	Member of Committee since	Capacity	Number of Meetings of the Committee		No. of shares held in the NBFC
			Held	Attended	
Mr. Ranganathan Sridharan	September 21, 2020	Chairman, Independent Director	5	5	-
Ms. Usha A Narayanan	June 18, 2021	Member, Independent Director	5	4	-
Mr. Ankit Agarwal	September 21, 2020	Member, Executive Director	5	3	1*
Mr. Anand Rao	December 06, 2014	Member, Joint Managing Director	5	5	1*

*Holding on behalf of Navi Finserv Limited, Holding Company

ASSET & LIABILITY MANAGEMENT COMMITTEE

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

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

During the FY 2022-23 the Committee has met 6 (Six) times on May 07, 2022, July 13, 2022, July 29, 2022, November 04, 2022, January 31, 2023 and February 09, 2023.

The composition of the Asset & Liability Management Committee and Attendance record on March 31, 2023, are as follows:

Name of the Director	Member of Committee since	Capacity	Number of Meetings of the Committee		No. of shares held in the NBFC
			Held	Attended	
Mr. Anand Rao	September 21, 2020	Chairman Joint Managing Director	6	6	1*
Mr. Ankit Agarwal	September 21, 2020	Member, Executive Director	6	5	1*
Mr. Abhik Sarkar	September 21, 2020	Member, Chief Financial Officer	6	6	-

*Holding on behalf of Navi Finserv Limited, Holding Company

FINANCE COMMITTEE

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

During the FY 2022-23 the Committee has met 49 (Forty-Nine) time.

The composition of the Finance Committee and Attendance record on March 31, 2023, are as follows:

Name of the Director	Member of Committee since	Capacity	Total Meetings Held	Total Meetings Attended	No. of shares held in the NBFC
Mr. Anand Rao	March 05, 2016	Member, Joint Managing Director	49	49	1*
Mr. Ankit Agarwal	September 21, 2020	Member, Executive Director	49	49	1*

*Holding on behalf of Navi Finserv Limited, Holding Company

SEPARATE MEETINGS OF THE INDEPENDENT DIRECTORS

Schedule IV of the Companies Act, 2013 and the Rules thereunder mandate that the independent directors of the Company shall hold at least one meeting in a year, without the attendance of non-independent directors and members of the Management.

During the year separate Meetings of Independent Directors were held on March 20, 2023, without the presence of Non-Independent Directors and Members of Management. All the Independent Directors attended the meeting and:

- Reviewed the performance of non-independent directors and the Board as a whole;
- Reviewed the performance of the Chairman of the Company, taking into account the views of Executive Directors and Non-Executive Directors;
- Assessed the quality, quantity and timeliness of the flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

DECLARATION BY INDEPENDENT DIRECTOR

The Company has two Independent Directors on the Board and during the year under review. Pursuant to the provisions of Section 149 of the Act, the Independent Directors have submitted declarations that each of them meets the criteria of independence as provided in Section 149(6) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Qualification of Directors), Rules 2014. During the year 2022-23, there has been no change in the circumstances affecting their status as Independent Directors of the Company.

The Company has also received necessary undertaking and declaration from each director as per extant guidelines of Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 (“RBI NDSI Master Directions, 2016”).

GENERAL BODY MEETINGS

The details of the General Meetings (GM) of the shareholders held during the Financial Year 2022-23 are given below

Sl. No.	Type of meeting	Date	Venue	Special Resolutions passed
1.	Annual General Meeting	September 15, 2022	No.145, 2nd Floor, NR Square, 1st Main Road, Sirsi Circle, Chamrajpet, Bengaluru, Karnataka 560182, India	-
2.	Extra Ordinary General Meeting	April 23, 2022	No.145, 2nd Floor, NR Square, 1st Main Road, Sirsi Circle, Chamrajpet, Bengaluru, Karnataka 560182, India	-
3.		June 09, 2022	No.145, 2nd Floor, NR Square, 1st Main Road, Sirsi Circle, Chamrajpet, Bengaluru, Karnataka,560182, India	1. Increase of the Borrowing Limit of the Company under Section 180(1)(C) of the Companies Act, 2013. 2. Approve mortgage/pledge /hypothecate/ create charge on the assets of the Company. 3. To raise funds through the issue of Non-Convertible Debentures on Private Placement Basis.
4.		September 12, 2022	No.145, 2nd Floor, NR Square, 1st Main Road, Sirsi Circle, Chamrajpet, Bengaluru, Karnataka 560182, India	To alter the object clause of the Memorandum of Association (“MOA”) of the Company.

DIRECTORS RETIRING BY ROTATION

Mr. Ankit Agarwal, Executive Director shall retire by rotation and being eligible, offers himself for reappointment as per provisions of the Act at the 14th Annual General Meeting of the Company.

SECRETARIAL STANDARDS OF ICSI

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

REVIEW OF COMPLIANCE REPORTS

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

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.

Listing on Stock Exchange

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

Payment of Listing Fees & Depository Fees

The Annual Listing fee for the year 2022-23 was paid on April 20, 2023, 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 the Securities Exchange Board of India for debt listing. The salient features of this system are the centralized database of all complaints, online upload of Action Taken Reports (ATRs) by concerned companies and online viewing by investors of actions taken on the complaint and its current status. During the year under review, the Company has received a complaint and redressed the same.

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

Sachin Bansal	**Anand Rao**
Managing Director	Joint Managing Director
DIN: 02356346	DIN: 01713987
Date: May 24, 2023	Date: May 24, 2023
Place: Bangalore	Place: Bangalore

Annexure V

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDUSTRY STRUCTURE AND DEVELOPMENTS.

On a Y-o-Y basis GLP has increased by 38.7% as compared to 31 March 2022 and Q-o-Q 14.8% in comparison to 31 December 2022.

The microfinance industry (Joint-Liability Group ("JLG") portfolio) has recorded healthy growth. The microfinance industry has experienced a shift in market share, with NBFC-MFIs overtaking banks for the first time in four years. While banks held a dominant position during the Covid-19 period, the growth rate of NBFC-MFIs has now surpassed that of banks, resulting in NBFC-MFIs commanding a higher market share in the overall microfinance sector, NBFC-MFIs are currently leading the industry with AUM of Rs. 1,31,163 Cr. in Mar-23 by reaching 3.9 Cr. Clients.

The removal of the lending rate cap by the Reserve Bank of India (RBI) has enabled MFIs to engage in risk-based pricing, which has boosted net interest margins (NIMs) and, in turn, increased returns on total assets (ROTA).

Outlook for Microfinance Industry in India

The Asset Under Management (AUM) of MFIs is Rs 1,31,163 Cr. as on 31 March 2023 from Rs.94,570 Cr. in Mar-22 with 38.7% Y-o-Y growth, Loan amount of Rs 1,30,563 Cr was disbursed in FY 22-23 through 3.1 Cr. accounts, Client base has grown by 20% Y-o-Y, PAR>30 days as on March 2023 has reduced to 4.0% as compared to 9.7% in March 2022, Average loan amount disbursed per account has increased around 12.9% as compared to last financial year.

Note: Data source -Micrometer Q4 FY22-23

India Ratings and Research has revised its outlook on the microfinance (MFI) sector to 'improving' from 'neutral' as it expects growth momentum for the sector to continue in FY24 and credit costs to normalise. For FY24, the rating outlook has been maintained at 'stable'.

Care Edge Ratings anticipates growth momentum to continue, with the NBFC-MFI portfolio growing at a rate of 20%-25% over the next 12-18 months. However, an increase in interest rates, high inflation, or another wave of Covid-19 could potentially impede economic growth and, as a result, impact the Microfinance sector adversely.

Outlook for Chaitanya India

Chaitanya has seen a healthy portfolio growth of 85% Y-o-Y with 99.64% Collection efficiency in Mar-23, New loan collection efficiency is at 99.67%, Client base has grown by 69% Y-o-Y and overall portfolio quality is improved to 0.2% (PAR 30-180) in Mar-23 as compared to 1.1% in Mar-22, PAR 90-180 improved to 0.1% in Mar-23 from 0.4% in Mar-22.

RISK & CONCERNS

Market Risk: Rising Interest rate environment & High Inflation

There is a potential risk for CIFCPL if the RBI increases the repo rate due to concerns over the monsoon or global geopolitical conditions, which could lead to a further increase in the cost of funding and impact the profitability of the firm.

The RBI has slightly increased its GDP growth projection for FY24 to 6.5% from the earlier estimate of 6.4%, which is higher than the International Monetary Fund's projection of 5.9% for the same period. Despite this positive development, the MPC has maintained its stance of focusing on the "withdrawal of accommodation" and has not changed the repo rate from 6.5%. Inflation has fallen to a 15-month low in March 2023, with retail inflation easing to 5.51% from 6.72% in the previous month, and urban inflation declined to 5.89% from 6.10% recorded in February 2023. However, the rural unemployment rate has risen to 7.23% from 6.48% in February 2023, while the urban unemployment rate declined marginally to 7.93% from 8.55%. CIFCPL will monitor these developments closely and assess their potential impact on its operations and risk exposure.

Climate change & Weather Risk:

As a result of the below-normal monsoon forecast for various states by IMD, CIFCPL's portfolio may be affected to some extent. This is a risk that the company is actively monitoring. Any adverse impact on CIFCPL's portfolio cannot be ruled out.

As per the Indian Meteorological Department's (IMD) prediction, the seasonal precipitation during the four-month period between June to September is expected to be 96% (with a model error of ± 5%) of the long-period average, which amounts to 83.5 cm. The long-period average is calculated for the period 1961-2010, and the countrywide seasonal average, calculated for the period 1971-2020, is 87 cm as per IMD. The forecast map suggests that some states may experience below-normal rainfall. The IMD will provide further updates on the monsoon forecast in the last week of May 2023.

Political Risk:

The upcoming elections in various states and central pose a potential political risk to the microfinance industry, as they can influence the repayment and operations of MFIs. In some areas, there may be political vested interests that could lead to promises of loan waivers or other incentives, which could impact the financial health of MFIs. This, in turn, could have a cascading effect on the microfinance industry, leading to a deterioration in asset quality, increased credit risk, and ultimately affecting the profitability of MFIs.

Moreover, the election process may also have operational implications for the microfinance industry, particularly in terms of cash management at the CRE level and Business correspondent level. Any disruption in cash management processes could potentially impact the disbursement and repayment of loans, further exacerbating the credit risk for MFIs.

Given the potential political risks associated with the upcoming elections, CIFCPL is closely monitoring the political conditions in the states where it is exposed and tracking any indicators of concern. The aim is to proactively manage and mitigate the potential risks to the microfinance industry and its portfolio.

Systemic Risk- Covid Concern

Given the current situation of surges in COVID cases at the early start of FY 23-24, there is a potential risk for CIFCPL's portfolio and business operations. Although the COVID cases have reduced as of April 24th, there is a possibility of a sudden increase in cases, which can lead to business interruption and portfolio level impact. CIFCPL will closely monitor the trend and take necessary preventive measures to mitigate the risks associated with COVID-19. The active number of COVID cases in India as of 29thApril 2023 is 51,314.

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

The Board of Directors has constituted a Risk Management Committee. The terms of reference of the Risk Management Committee include a periodical review of the risk management policy, risk management plan, implementing and monitoring the risk management plan, and mitigation of the key risks. The Risk owners are accountable to the Risk Committee for identifying, assessing, aggregating, reporting, and monitoring the risk related to their respective areas/functions. The Company has taken Director's and Officers insurance policy cover to mitigate legal risks to Directors and senior management.

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

The Company is regulated by Reserve Bank of India which has stipulated certain regulations to be followed by each and every NBFC-MFI.

OPPORTUNITIES AND THREATS.

Opportunities

Deep Rural

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

Graduating Microfinance customers

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

Diversification

Chaitanya is diversifying its portfolio – both geographically and profile-wise. The Company has entered into 2 new states and 52 districts in FY 2022-23. The Company plans to bring down its largest state exposure and top-10 districts exposure significantly in the coming months. Chaitanya is also exploring larger ticket loans for graduating microfinance customers. The Management believes that, with this strategy it will be able to enter the larger retail loans market and gradually diversify the portfolio from systemic and systematic risks. The Company may also consider diversifying to more semi-urban and urban geographies if it is able to replicate its operating model to the urban underserved customers.

Digital Lending

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

Analytics for Credit Underwriting

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

Favourable regulatory environment:

The recent regulatory framework set by the RBI for microfinance loans is being seen as a positive development by microfinance institutions and lenders. The ability to fix interest rates, Co-lending on loans will deepen the penetration of micro-credit in the country and provide borrowers with greater access to credit. This is a testament to the maturity of the microfinance industry in India and will encourage healthy competition among lenders. The regulatory environment is favourable for the industry, enabling customers to make informed decisions regarding their credit needs. Overall, the regulatory framework is a significant strength for microfinance institutions and lenders in India.

Threats

Localised Political Disruptions

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.

Climate change and Weather Risk:

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 & Growing Competition

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

Systemic events:

Any widespread systemic risk event such as Pandemic, epidemic, or any other systemic financial crisis events could potentially impact the profitability and sustainability of the firm. CIFCPL keep track of all possible systemic events and emerging risk and updates its contingency planning accordingly.

Regulatory Changes:

Any major change in regulation may require a change in business strategy for regulatory alignment. Changes in regulation also involve infrastructural change and such changes can involve capital costs. At CIFCPL we monitor all regulatory changes and we intend to design the infrastructure which can be compatible with any upcoming regulatory changes.

Vulnerability to External Events

The sector is most vulnerable to external, unrelated events than any other financial product or segment. In the recent past, the industry has been troubled by major socio-political events which have little bearing on 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

In the Financial year 2022-23 Chaitanya expanded into two new States of, Haryana and Odisha. Chaitanya's operations are now spread across twelve states, viz. Karnataka, Maharashtra, Bihar, Uttar Pradesh, Jharkhand, Chhattisgarh, Gujarat, Rajasthan, Tamil Nadu, Madhya Pradesh, Haryana and Odisha. The spread across these states is in line with the company's objective to have a geographically diversified portfolio. The non-Karnataka share of microfinance book (Microfinance loans) is at 72% during the year.

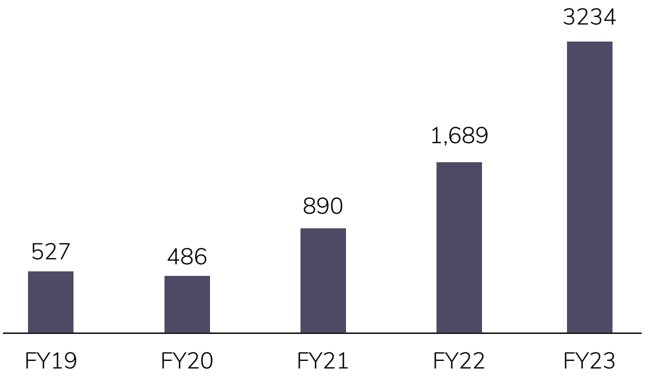
The company ended the year with 713 branches, majorly the new branches expansion was in the newer geography. The company grew its loan book by 85% and a healthy customer growth of 68% The company now serves 13.7 lakh customers with an average outstanding of Rs.35,919 per customer. The growth in the portfolio is accompanied by improvement in efficiency. The operating cost has decreased to 7.5%. The company ended the year with a PAT of 148.35 Crores a growth of 183.9% over the previous year.

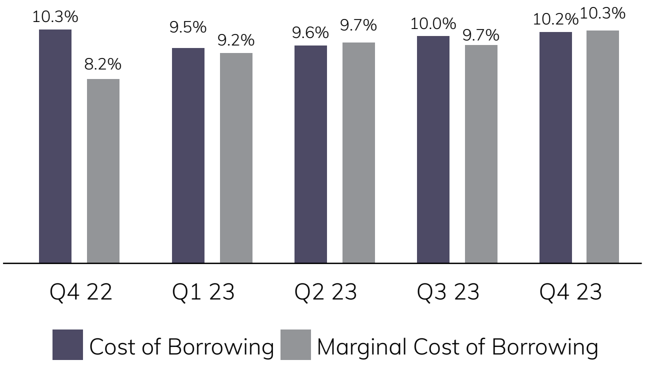
Particulars	FY 2021	FY 2022	FY 2023
No. of states covered	7	10	12
No. of districts covered	68	131	183
No. of branches	275	474	713
No. of employees	2462	4292	6498
No. of active customers	5.1 lakhs	8.1 lakhs	13.7 lakhs
Total AUM in INR (crores)	1396	2654	4910
Operating Cost Ratio	8.2%	8.2%	7.5%

FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

Particulars	FY 2023	FY 2022	FY 2021
Total income	21.1%	20.9%	24.2%
Financial cost	7.4%	7.6%	7.9%
Net margin	13.8%	13.3%	16.2%
Operating cost	7.5%	7.9%	8.2%
Credit Cost	0.9%	1.3%	5.4%
ROA	4.1%	3.0%	2.4%
ROE	25.0%	14.3%	10.5%
Debt Equity ratio	4.8 times	5.1 times	2.9 times

Borrowing in Crores





INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

SEGMENT-WISE OR PRODUCT-WISE PERFORMANCE

1) JLG- The Company been able to reach and serve 13.66 lac customers by Mar'23, a growth of 69% over the 8.1 lac customers as of Mar'22. It has resulted in JLG portfolio growth of 2642Cr. In Mar'22 to 4900 Cr. (85%) in Mar'23. With the growth we have been able to maintain excellent portfolio quality with 99.79% collection efficiency.

   The Company has reached 12 states by adding two new states- Odisha and Haryana during the financial year.

   During the same period, we have added 236 branches (33%) during the year and total branches have grown from 469 in Mar'22 to 705 in Mar'23.

2) Non-JLG - Non-JLG portfolio has come down from 12.2Cr in Mar'22 to 10.67 Cr. While we have been experimenting on a very small scale in retail loans, we have been running down the other legacy portfolio.

MATERIAL DEVELOPMENTS IN HUMAN RESOURCES / INDUSTRIAL RELATIONS FRONT, INCLUDING THE NUMBER OF PEOPLE EMPLOYED

Over the past Financial Year 2022-23, we have made significant strides in a number of areas, including talent management, employee engagement, and diversity, equity, and inclusion.

Key Highlights – The following are the key highlights of the HR department, achieved in the FY 2022- 23:

- Employee strength as on March 31st 2023 has increased to - 6498
- There is a considerable increase in the headcount by - 60%
- Female employee ratio has a 39% increase

Talent Management with Digitalization - The implementation of the advanced HRMS simplified the regular operations for both the employee(s) and the HR Department. By leveraging technology to optimize performance, Chaitanya can create a more engaging and personalized employee experience, attract and retain top talent, and make informed decisions when it comes to talent development. The implemented new Performance Management System aims to identify and develop top-performing employees. This program includes a comprehensive performance management process, regular career conversations, and tailored development plans for each employee. The implementation foresees an increase in better employee engagement and retention. We have also initiated the digitalization of the employee's personal files. Thus, the past Financial Year 2022-23 included the following HR initiatives:

- Introduced a new module for sharing appointment letters online with digital acknowledgment from the employees
- Online process for Investment Proof submission.
- Implementation of Performance management System.
- Recruitment management Software introduced for Loan office /CRE recruitment.

Business Expansion - As Chaitanya has started the operations in the states of Haryana and Orissa, it is imperative to provide the best experience and ensure the holistic development of our people. The HR department intends to align the aspirations of the employees with the ideology of the organization resulting in the achievement of the goals established to move closer to the vision of the organization.

Employee Engagement - We are focused on improving our employee engagement through several initiatives, including town hall meetings, and periodical recognition programs. The successful major events conducted in the last Financial Year included:

- Eye and Dental Check-ups
- Yoga Day
- Health Awareness talks.
- Co-ordinating, Mindfulness sessions, and Knowledge Forum
- POSH Awareness Programs
- Founder’s Day celebration, major festival celebrations, and Year End Celebration
- Office Outing

Diversity, Equity, and Inclusion - We have made significant progress in our efforts to promote diversity, equity, and inclusion in our workplace. We have implemented and improved our recruiting practices to attract a more diverse candidate pool. We are committed to creating a workplace where all employees feel valued and included. Moreover, we intend to review all the HR processes and refine the existing working model with renewed transitions. The Financial Year 2022-23 saw the following employee benefit programs:

- Referral Bonus
- Marriage gift Benefits
- Long Service Award
- Improvement in Guesthouse infrastructure.
- Making Mediclaim more beneficial
- 5 days Mandatory Leave.
- 2nd, 3rdand 4thSaturday as weekly off

Training and Development:

Annual Training Calendar

A Training Calendar is essential to the training procedure. It is a complete schedule of all the courses, modules, and programmes that will be offered throughout the time period.

Our training team has created an annual training calendar for FY 22-23.

Content standardization

As a team responsible for training, we have produced all of the PPTs and divided them into three categories:

- Training Modules (Produced 19 training modules PPT)
- Culture Building (Produced 5 Training Module)
- Skill Development (Produced 27 training modules)

Anyone in the organization can access the CRE and BM manuals, which we've added in the Google site along with the content, and read the training modules or manuals.

CRE/Loan officer Onboarding standardization

We have standardized the intern onboarding process. After onboarding, they receive 21 days of training. After completing 14 days of classroom instruction and 7 days of fieldwork.

Training Team certification

The journey of a trainer through the course begins with an awareness of how participants learn and cover different learning styles, trainer skills, different learning methods, activities, and exercises, then moves on to the creation of training programmes and training delivery. All the team members have been trained on the above points and have been certified.

Process Effectiveness Project

To reach the goal and ensure team success, we must follow the process effectively.

We pay particular attention to the employees who have not met their goals (low-performing CRE & BM) and give them the assistance they need to do so. Once every quarter, the audit team sends us a list of the low performers, and we provide them specific training.

LDP Training standardization

Organizations require leaders who are strategic thinkers, good communicators, and growth drivers in the ever-evolving business climate of today. Candidates for senior positions need to be prepared with the functional, management, and leadership abilities necessary to succeed. The training team has identified promising employees and trained them in the LDP (Leadership Development Programme). - Ongoing Process

In conclusion, we will continue to focus on talent management, employee engagement, and diversity, equity, and inclusion to support the success of our organization.

INFORMATION TECHNOLOGY

CIFCPL’s objective is to improve the lives of low-income families through provision of financial services. The Company fundamentally focuses on enabling micro-businesses in the rural belt and is spread across 12 states in India.

Appropriate, evolving and simplified tech is the model through which IT operates. Periodic assessment of tech solutions is carried out to evaluate the alignment with the organization's objective, business demand, regulatory framework, and geopolitical expectations. Quality investment in human-power, technology; along with control measures to validate and respond to any gaps with IT solutions are streamlined and are critical assets for IT service in CIFCPL.

For this FY, IT is mainly focused on: ensuring stability of implemented ERPs; introduction of three new IT platforms for efficiency; Cyber Security and cyber resilient framework; Devops; ETL and process standardisation.

Ensuring the stability of existing tech solutions for Lending, Audit, Fixed Assets, conveyance management platform & CKYC will be part of IT Operations key role. Over and above this, putting in place efficiency improvement tech solutions will ensure quality and swifter execution of certain job roles.

Dedicated focus on Cyber framework with established Firewall, endpoint security, data consolidation, ETL's extraction management process and DevOps, operational engagements will ensure the infrastructure, coding quality and security are at the very best.

A correct blend of skill set, role clarity among resources, task allocation, IT governance and framework with concrete planning are carried out to achieve the said objective. Matrixed evaluation ensures tech responses and implementations are focused, well on time and fully aligned with the organization's objectives, regulatory expectation, and tech landscapes.

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: May 24, 2023	Date: May 24, 2023
Place: Bangalore	Place: Bangalore

Independent Auditor's Report

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

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying Standalone Financial Statements of **Chaitanya India Fin Credit Private Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2023, the Statement of Profit and Loss (including other comprehensive income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the Standalone Financial Statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023 and its profit, total comprehensive income, its cash flows and changes in equity for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

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

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

Key audit matter	How the matter was addressed in our audit
Expected credit losses on loan assets Refer note 3(v) of significant accounting policies and note 7 for the outstanding loan assets and note 45.1.5 of the Standalone Financial Statements for credit risk disclosures. As at 31 March 2023, the Company has reported gross loan assets of ₹ 38,405.46 millions against which an impairment loss of ₹ 599.22 millions has been recorded. The Company recognised impairment provision for loan assets based on the expected credit loss approach laid down under 'Ind AS 109 – Financial Instruments'. 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.	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
Expected credit loss cannot be measured precisely but can only be estimated through use of statistics. The calculation of expected credit losses on loans is complex and is based on application of significant management judgement and the use of different modelling techniques and assumptions which could have a material impact on reported profits. The Company has applied a three-stage approach based on changes in credit quality to measure expected credit loss on loans which is as follows: • If the loan is not credit-impaired on initial recognition then it is classified in 'Stage 1' and its credit risk is continuously monitored by the Company i.e. the default in repayment is within the range of 0 to 30 days and classified as Standard Assets as per IRAC Norms. • If a significant increase in credit risk since initial recognition is identified, it is moved to 'Stage 2' but is not yet deemed to be credit-impaired i.e. the default in repayment is within the range of 31 to 90 days and classified as Standard Assets as per IRAC Norms. • If the loan is credit-impaired, it is then moved to 'Stage 3' i.e. the default in repayment is more than 90 days or classified as Non-Performing Assets as per IRAC Norms. The Expected Credit Loss (ECL) is measured at 12-month ECL for Stage 1 loan assets and at lifetime ECL for Stage 2 and Stage 3 loan assets. Significant management judgement and assumptions involved in measuring ECL is required with respect to: • determining the criteria for a significant increase in credit risk • factoring in future economic assumptions • techniques used to determine probability of default, loss given default and exposure at default. These parameters are derived from the Company's internally developed statistical models, other historical data and trends observed during systemic and non-system scenarios.	• Assessed and tested the design and operating effectiveness of the key controls over the completeness and accuracy of the key inputs and assumptions considered for calculation, recording and monitoring of the impairment loss recognized. Also, evaluated the controls over the modelling process, validation of data and related approvals; • Performed an assessment of the adequacy of the credit losses expected within 12 months by reference to credit losses actually incurred on similar portfolios historically; • Obtained written representations from management on whether they believe significant assumptions used in calculation of expected credit losses are reasonable; and • Assessed the appropriateness and adequacy of the related presentation and disclosures of note 45 "Risk Management" disclosed in the accompanying Standalone Financial Statements in accordance with the applicable accounting standards and related RBI circulars and Resolution Framework.

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

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

Our opinion on the Standalone Financial Statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the Standalone Financial Statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the Standalone Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

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

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

This responsibility also includes the maintenance of adequate accounting records in accordance with the provisions of the

Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

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

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

Report on Other Legal and Regulatory Requirements

1. As required by section 143(3) of the Act, we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

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

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

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

e) On the basis of the written representations received from the directors as on March 31, 2023, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023, from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these Standalone Financial Statements and the operating effectiveness of such controls, refer to our separate report in "Annexure A" to this report. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

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

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

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

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

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

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

iv. (a) The Management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

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

(c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

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

vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company with effect from April 1, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.

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

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

GEORGY MATHEW
Partner
M. No. 209645
UDIN: 23209645BGXBGF5575

Place: Bengaluru
Date: 24-05-2023

Annexure - A

To the Independent Auditor's Report

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

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

We have audited the internal financial controls over financial reporting of **Chaitanya India Fin Credit Private Limited** ("the Company") as at March 31, 2023 in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Standalone Financial Statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

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

b. Provide reasonable assurance that transactions are recorded as necessary to permit preparation of Standalone Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and

c. Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the Standalone Financial Statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2023, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

GEORGY MATHEW
Partner
M. No. 209645
UDIN: 23209645BGXBGF5575

Place: Bengaluru
Date: 24-05-2023

Annexure B

To the Independent Auditor's Report

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

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

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

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

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

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

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

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

   e. No proceedings have been initiated during the year or are pending against the Company as at March 31, 2023 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder and hence reporting under clause 3(i)(e) of the Order is not applicable.

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

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

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

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

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

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

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

No. of cases	Principal amount overdue (₹ Millions)	Interest overdue (₹ Millions)	Total overdue (₹ Millions)
11,187	69.85	5.64	75.49

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

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

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

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

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

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

vii. a. In our opinion, the Company has generally been regular in depositing undisputed statutory dues, including Goods and Services tax, Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, duty of Customs, duty of Excise, Value Added Tax, Cess and other material statutory dues applicable to it with the appropriate authorities. There were no undisputed amounts payable in respect of Goods and Service tax, Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, duty of Custom, duty of Excise, Value Added Tax, Cess and other material statutory dues in arrears as at March 31, 2023 for a period of more than six months from the date they became payable except as mentioned below:

Nature of the Statute	Nature of dues	Period for which the amount relates to	Amount (in ₹ Millions)	Date of Subsequent payment
The Provident Fund Act ,1925	Provident Fund	Apr'22 to August'22	0.01	-
The Gujarat Professions Tax Act ,1976	Professional Tax	June'22	0.01	-

b. We are informed that there are no dues which have not been deposited on account of any dispute as at March 31, 2023, except for the following:

Name of statute	Nature of dues	Amount of dues (₹ Millions)	Amount paid under protest (₹ Millions)	Period to which the amount relates	Forum where dispute is pending
The Income Tax Act, 1961	Income Tax	8.24	1.64	FY 2014-15	Commissioner of Income-tax (Appeals), Bangalore
The Income Tax Act, 1961	Income Tax	4.82	0.96	FY 2015-16	Commissioner of Income-tax (Appeals), Bangalore
The Income Tax Act, 1961	Income Tax	4.48	-	FY 2019-20	Commissioner of Income-tax (Appeals), Bangalore
The Income Tax Act, 1961	Income Tax	0.07	-	FY 2020-21	Assessing Officer, CPC, Income Tax, Bangalore

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

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

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

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

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

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

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

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

b. During the year, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally). However, during the year, the Company has made rights issue of equity shares to its existing shareholders and the requirements of section 62 of the Companies Act, 2013 have been complied with and the funds raised have been used for the purposes for which the funds were raised.

xi. a. No fraud by the Company and no material fraud on the Company has been noticed or reported during the year. All the frauds noticed or reported during the year has been summarised in Note No. 74 of the Standalone Financial Statements.

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

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

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

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

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

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

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

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

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

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

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

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

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

xix. On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the Standalone Financial Statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

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

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

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

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

GEORGY MATHEW
Partner
M. No. 209645
UDIN: 23209645BGXBGF5575

Place: Bengaluru
Date: 24-05-2023

Balance Sheet as at March 31, 2023

(All amounts in ₹ millions unless otherwise stated)

Particulars	Notes	As at 31 March 2023	As at 31 March 2022
I ASSETS			
1 Financial assets			
Cash and cash equivalents	4	3,416.20	1,964.67
Bank balance other than cash and cash equivalents	5	208.60	234.10
Receivables :			
i) Other receivables	6	0.45	1.63
Loans	7	37,806.24	22,099.66
Investments	8	1,347.82	278.86
Other financial assets	9	631.02	362.00
2 Non-financial assets			
Current tax assets (net)		-	6.36
Deferred tax assets (net)	10	88.96	87.74
Property, plant and equipment	11	142.47	69.33
Right of use assets	12	52.93	0.50
Other intangible assets	13	16.86	14.00
Other non-financial assets	14	182.42	37.15
Total assets		**43,893.97**	**25,156.00**
II LIABILITIES AND EQUITY			
LIABILITIES			
1 Financial liabilities			
Payables			
(I) Trade payables			
(i) total outstanding dues of micro enterprises and small enterprises		0.17	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	15	136.51	50.51
(II) Other payables			
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	16	-	-
Debt securities	17	1,587.05	2,281.08
Borrowings (other than debt securities)	18	31,057.90	17,613.26
Subordinated liabilities	19	2,030.58	399.16
Lease liabilities (Refer Note 41)		55.47	0.67
Other financial liabilities	20	1,456.41	621.56
2 Non-financial liabilities			
Current tax liabilities (net)		5.06	-
Provisions	21	233.68	146.67
Other non-financial liabilities	22	118.77	57.32
Total liabilities		**36,681.60**	**21,170.23**
3 Equity			
Equity share capital	23	1,451.67	1,035.00
Other equity	24	5,760.70	2,950.77
Total equity		**7,212.37**	**3,985.77**
Total liabilities and equity		**43,893.97**	**25,156.00**

See accompanying notes forming part of the financial statements.

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

Sachin Bansal
Managing Director and CEO
DIN: 02356346
Bengaluru
24.05.2023

Ankit Agarwal
Director and Deputy CEO
DIN : 08299808
Bengaluru
24.05.2023

Anand Rao
Joint Managing Director
DIN: 01713987
Bengaluru
24.05.2023

Abhik Sarkar
Chief Financial Officer
Bengaluru
24.05.2023

Anup Kumar Gupta
Company Secretary
Siliguri, West Bengal
24.05.2023

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

Georgy Mathew
Partner
Membership No. 209645
Bengaluru
24.05.2023

Statement of Profit and Loss for the year ended March 31, 2023

(All amounts in ₹ millions unless otherwise stated)

Particulars	Notes	For the year ended March 31, 2023	For the year ended March 31, 2022
Revenue from operations			
(i) Interest income	25	6,566.03	3,201.27
(ii) Fees and commission income	26	25.06	19.32
(iii) Net gain on fair value changes	27	81.99	17.57
(iv) Net gain on de-recognition of financial instruments under amortised cost category	28	882.34	361.40
(v) Other operating income	29	77.51	12.34
(I) Total revenue from operations		**7,632.93**	**3,611.90**
(II) Other income	30	0.79	0.73
(III) Total income (I + II)		**7,633.72**	**3,612.63**
Expenses			
(i) Finance costs	31	2,655.38	1,311.41
(ii) Impairment of financial instruments	32	337.18	230.85
(iii) Employee benefits expenses	33	1,734.56	902.18
(iv) Depreciation and amortisation expenses	34	76.95	27.98
(v) Other expenses	35	900.89	437.11
(IV) Total expenses		**5,704.96**	**2,909.53**
(V) Profit before exceptional items and tax (III - IV)		**1,928.76**	**703.10**
(VI) Exceptional items		-	-
(VII) Profit before tax (V - VI)		**1,928.76**	**703.10**
(VIII) Tax expense:	36	445.23	180.58
(1) Current tax		446.64	96.17
(2) Prior Period tax		(2.51)	9.40
(3) Deferred tax		1.10	75.01
(IX) Profit for the year from continuing operations (VII - VIII)		**1,483.53**	**522.52**
(X) Profit for the year (IX)		**1,483.53**	**522.52**
(XI) Other comprehensive income			
(i) Items that will not be reclassified to profit or loss		(2.14)	(1.73)
(ii) Income tax relating to items that will not be reclassified to profit or loss		0.54	0.44
Subtotal (A)		**(1.60)**	**(1.29)**
(i) Items that will be reclassified to profit or loss		(7.12)	(23.80)
(ii) Income tax relating to items that will be reclassified to profit or loss		1.79	5.99
Subtotal (B)		**(5.33)**	**(17.81)**
Other comprehensive income		**(6.93)**	**(19.10)**
(XII) Total comprehensive income for the year (X + XI)		**1,476.60**	**503.42**
(XIII) Earnings per equity share (EPS) (face value of ₹ 10.00 each)	37		
Basic (₹)		11.05	5.05
Diluted (₹)		11.05	5.05

See accompanying notes forming part of the financial statements.

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

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

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Siliguri, West Bengal
24.05.2023

Cash Flow Statement for the year ended March 31, 2023

(All amounts in ₹ millions unless otherwise stated)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
A. Cash flow from operating activities		
Profit before tax	1,928.76	703.10
Contribution to employee stock option scheme	33.24	10.47
Depreciation and amortisation	76.95	27.98
Interest expense on lease liability	3.70	0.09
Loss/(gain) on sale of property, plant and equipment (net)	-	(0.08)
Impairment of financial instruments	337.18	230.85
EIR adjustment on financial instruments	13.38	24.28
Net change in fair value of loans measured at fair value through other comprehensive income	(7.12)	(23.80)
Net gain on sale of mutual funds	(78.61)	(16.35)
Net gain on fair value changes on investment	(2.22)	(1.22)
Gain on sale of loan portfolio through assignment	(882.34)	(361.40)
Operating profit before working capital changes	**1,422.92**	**593.92**
Movements in working capital:		
(Increase) / decrease in loans	(16,228.14)	(11,078.28)
(Increase) / decrease in receivables	1.18	(1.15)
(Increase)/ decrease in other financial assets	628.19	150.58
(Increase) / decrease in other non-financial assets	(206.26)	(21.75)
Increase/ (decrease) in payables	86.17	20.11
Increase / (decrease) in other financial liabilities	834.85	140.01
Increase/ (decrease) in provisions	51.63	0.52
Increase / (decrease) in non-financial liabilities	122.43	12.99
Cash used in operations	**(13,287.03)**	**(10,183.05)**
Direct taxes paid (net of refunds)	(439.07)	(142.33)
Net cash flows used in operating activities (A)	**(13,726.10)**	**(10,325.38)**
B. Cash flow from investing activities		
Purchase of property, plant and equipment and intangible assets	(145.22)	(73.14)
Proceeds from sale of property, plant and equipment and intangible assets	0.60	0.19
Proceeds from sale of Investments	59,698.15	22,899.37
Purchase of Investments	(60,685.50)	(21,351.64)
(Investment) in/ withdrawal of Bank Deposits	25.50	(62.90)
Net cash flows used in investing activities (B)	**(1,106.47)**	**1,411.88**
C. Cash flow from financing activities		
Proceeds from issue of equity shares (including securities premium)	1,750.00	-
Proceeds from debt securities	501.17	-
Repayment of debt securities	(1,198.87)	(699.20)
Proceeds from other than debt securities	33,087.40	16,893.74
Repayment of other than debt securities	(19,595.71)	(5,953.42)
Proceeds from subordinated debt	2,026.92	-
Repayment of subordinated debt	(276.92)	-
Lease payments	(9.89)	(0.94)
Net cash flows from financing activities (C)	**16,284.10**	**10,240.18**
Net increase/ (decrease) in cash and cash equivalents (A+B+C)	1,451.53	1,326.68
Cash and cash equivalents at the beginning of the year	1,964.67	637.99
Cash and cash equivalents at the end of the year	**3,416.20**	**1,964.67**

Cash Flow Statement for the year ended March 31, 2023

(All amounts in ₹ millions unless otherwise stated)

Components of cash and cash equivalents

Cash and cash equivalents at the end of the year	For the year ended March 31, 2023	For the year ended March 31, 2022
i) Cash on hand	2.09	3.19
ii) Balances with banks (of the nature of cash and cash equivalents)	3,414.11	1,961.48
Total	**3,416.20**	**1,964.67**

See accompanying notes forming part of the financial statements.

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

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

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Siliguri, West Bengal
24.05.2023

Statement of Changes in Equity for the year ended March 31, 2023

(All amounts in ₹ millions unless otherwise stated)

A. Equity share capital

Particulars	Number of shares	Amount
As at March 31, 2022	**10,35,00,000**	**1,035.00**
Changes in Equity share capital during the year	4,16,66,666	416.67
As at March 31, 2023	**14,51,66,666**	**1,451.67**

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

A. Equity share capital

(1) Current reporting period

Balance at the beginning of the current reporting period	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in equity share capital during the current year	Balance at the end of the current reporting period
1,035.00	-	-	416.67	1,451.67

(2) Previous reporting period

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

B. Other equity

Particulars	Equity component of compound financial instruments	Reserves and Surplus					Other comprehensive income	Total
		Securities premium account	Statutory reserve - Reserve fund u/s 45-IC of RBI Act 1934	Contribution to employee stock option scheme	Debenture redemption reserve	Retained earnings		
Balance as at March 31, 2022	-	2,139.95	181.42	16.80	10.00	602.50	0.10	2,950.77
Profit for the year	-	-	-	-	-	1,476.60	-	1,476.60
Other comprehensive income (net of tax)	-	-	-	-	-	-	(6.93)	(6.93)
Issue of equity shares	-	1,333.33	-	-	-	-	-	1,333.33
Transfer to statutory reserves	-	-	296.71	-	-	(296.71)	-	-
Transfer to retained earnings	-	-	-	(16.80)	-	16.80	-	-
Transfer to other comprehensive income (net of tax)	-	-	-	-	-	6.93	-	6.93
Balance as at March 31, 2023	-	3,473.28	478.13	-	10.00	1,806.12	(6.83)	5,760.70

Statement of Changes in Equity for the year ended March 31, 2023

(All amounts in ₹ millions unless otherwise stated)

B. Other equity

Particulars	Equity component of compound financial instruments	Reserves and Surplus					Other comprehensive income	Total
		Securities premium account	Statutory reserve - Reserve fund u/s 45-IC of RBI Act 1934	Contribution to employee stock option scheme	Debenture redemption reserve	Retained earnings		
Balance as at March 31, 2021	**-**	**2,139.95**	**80.73**	**16.80**	**10.00**	**180.66**	**19.20**	**2,447.34**
Profit for the year	-	-	-	-	-	503.42	-	503.42
Other comprehensive income (net of tax)	-	-	-	-	-	-	(19.10)	(19.10)
Transfer to statutory reserves	-	-	100.69	-	-	(100.69)	-	-
Transfer to retained earnings	-	-	-	-	-	-	-	-
Transfer to other comprehensive income (net of tax)	-	-	-	-	-	19.11	-	19.11
Balance as at March 31, 2022	**-**	**2,139.95**	**181.42**	**16.80**	**10.00**	**602.50**	**0.10**	**2,950.77**

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

As per our report of even date
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Company Secretary
Siliguri, West Bengal
24.05.2023

Notes forming part of the financial statements

as at March 31, 2023 (All amounts in ₹ millions unless otherwise stated)

1. CORPORATE INFORMATION

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

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

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

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

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

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

B. PRESENTATION OF FINANCIAL STATEMENTS

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

i. The normal course of business

ii. The event of default

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

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

C. 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 March 31, 2023 have been prepared in accordance with Ind AS and other applicable guidelines issued by the Reserve Bank of India ('RBI'). The financial statements for the year were authorised and approved for issue by the Board of Directors on May 24, 2023.

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.

Notes forming part of the financial statements

as at March 31, 2023 (All amounts in ₹ millions unless otherwise stated)

D. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

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

i. Business model assessment

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

ii. Defined employee benefit assets and liabilities

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

iii. Impairment of loans portfolio

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

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

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

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

v. Effective Interest Rate (EIR) method

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

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

vi. Other estimates:

These include contingent liabilities, useful lives of tangible and intangible assets, fair value of financial instruments, provision for expenses etc.

Notes forming part of the financial statements

as at March 31, 2023 (All amounts in ₹ millions unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Financial Instruments

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

Initial recognition and measurement

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

i. Financial assets measured at amortised cost

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

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

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

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

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

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

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

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

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

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

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

iv. Investments in mutual funds

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

De-recognition of financial assets:

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

De-recognition of financial liabilities

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

Compound financial instruments

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

Notes forming part of the financial statements

as at March 31, 2023 (All amounts in ₹ millions unless otherwise stated)

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

Off-setting of financial instruments

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

v. **Impairment of financial assets**

Overview of the Expected Credit Loss (ECL) principles

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

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

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

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

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

The Company will upgrade NPA assets to Standard assets only when the entire arrears of interest and principal is collected (by virtue of RBI notification RBI/ 2021-2022/ 125 DOR.STR.REC.68/ 21.04.048/2021-22 dated November 12, 2021). All these loans will be categorised as Stage 3 irrespective of DPD.

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

Stage 1

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

Stage 2

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

Stage 3

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

Credit-impaired financial assets:

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

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

i. Significant financial difficulty of the borrower or issuer;

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

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

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

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

The mechanics of ECL:

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

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

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

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

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

Forward looking information

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

vi. Write-offs

The Company reduces the gross carrying amount of a financial asset when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subjected to write-offs. Any subsequent recoveries against such loans are credited to the statement of profit and loss.

vii. Determination of fair value

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

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

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

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

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

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

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

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

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

Level 1 financial instruments – Those where the inputs used in the valuation are unadjusted

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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.

viii. Assignment transaction

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

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

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

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.

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ii. Dividend Income

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

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

c. the amount of the dividend can be measured reliably

iii. Fees & Commission Income

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

iv. Income from assignment transactions

Income from assignment transactions i.e. present value of excess interest spread is recognised when the related loan assets are de-recognised.

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 are recognised in interest income with the corresponding adjustment to the carrying amount of the assets.

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

ii. Retirement and other employee benefits

Short term employee benefits

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

Post-employment employee benefits

a) Defined contribution schemes

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

b) Defined Benefit schemes

Gratuity

The Company provides for gratuity covering eligible employees under which a lump sum

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

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

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

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

Other long-term employee benefits

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

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

iii. Leases

Identification of Lease:

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

Recognition of lease payments:

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

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

iv. Other income and expenses

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

v. Impairment of non-financial assets

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

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Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

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

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

3.4 Cash and cash equivalents

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

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

3.5 Property, plant and equipment

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

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

Depreciation and amortization

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

Property, plant and equipment:

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

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

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 Segment reporting

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

3.12 Share based payments

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

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4 Cash and cash equivalents

Particulars	As at 31 March 2023	As at 31 March 2022
Cash on hand	2.09	3.19
Balances with banks and financial institutions		
- Balance with banks in current accounts	3,414.06	1,951.22
- Bank deposit with remaining maturity less than 3 months	0.05	10.26
Total	**3,416.20**	**1,964.67**

5 Bank balance other than cash and cash equivalents

Particulars	As at 31 March 2023	As at 31 March 2022
Deposits for remaining maturity of more than 3 months and upto 12 months	0.31	0.20
Deposits with remaining maturity more than 12 months	-	-
Balance with banks and financial institutions to the extent held as margin money deposits against borrowings*	208.29	233.90
Total	**208.60**	**234.10**

*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 2023	As at 31 March 2022
Term loans	168.90	233.90
Securitisation arrangements	39.39	-
Total	**208.29**	**233.90**

6 Other receivables (at amortised cost)

Particulars	As at 31 March 2023	As at 31 March 2022
Receivable from related party considered good- unsecured* (refer note 42)	0.45	1.63
Total	**0.45**	**1.63**
Less: Impairment loss allowance	-	-
Total	**0.45**	**1.63**

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

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

Note 6.1 Other receivables

Particulars	As at 31 March 2023					
	Outstanding for following periods from due date of payment					
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade receivables – considered good	-	-	-	-	-	-
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-

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6 Other receivables (at amortised cost)

Particulars	As at 31 March 2023					
	Outstanding for following periods from due date of payment					
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
(iii) Undisputed Trade Receivables - credit impaired	-	-	-	-	-	-
(iv) Disputed Trade receivables – considered good	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade Receivables - credit impaired	-	-	-	-	-	-
(vii) Other receivables – considered good	0.45	-	-	-	-	0.45

Note 6.2 Other receivables

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

7 Loans

Particulars	As at 31 March 2023			As at 31 March 2022		
	Amortised cost	At fair value through OCI	Total	Amortised cost	At fair value through OCI	Total
Term loans						
i) Secured by Tangible Assets						
Secured - Mortgage housing loans	24.69	-	24.69	46.80	-	46.80
Secured - Small Business Loans	1.05	-	1.05	2.94	-	2.94
Secured - Livestock Loan	3.77	-	3.77	8.03	-	8.03
ii Unsecured Loan						
Unsecured - Retails	61.08	-	61.08	39.14	-	39.14
Unsecured - Joint liability loans	36,284.82	2,025.52	38,310.34	21,247.87	1,224.27	22,472.14
Total (A) - Gross	**36,375.41**	**2,025.52**	**38,400.93**	**21,344.78**	**1,224.27**	**22,569.06**
Less : Impairment loss allowance	(573.86)	(24.76)	(598.62)	(460.72)	(14.84)	(475.56)
Total (A) - Net	**35,801.55**	**2,000.76**	**37,802.31**	**20,884.06**	**1,209.43**	**22,093.50**

Notes forming part of the financial statements

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7 Loans (Contd..)

Particulars	As at 31 March 2023			As at 31 March 2022		
	Amortised cost	At fair value through OCI	Total	Amortised cost	At fair value through OCI	Total
Others - Loans to employees						
Unsecured	4.53	-	4.53	6.91	-	6.91
Total (B) - Gross	**4.53**	**-**	**4.53**	**6.91**	**-**	**6.91**
Less : Impairment loss allowance	(0.60)	-	(0.60)	(0.75)	-	(0.75)
Total (B) - Net	**3.93**	**-**	**3.93**	**6.16**	**-**	**6.16**
Total loans (A+B) - Net	**35,805.48**	**2,000.76**	**37,806.24**	**20,890.22**	**1,209.43**	**22,099.66**
Loans in India						
Public sector	-	-	-	-	-	-
Others	36,379.94	2,025.52	38,405.46	21,351.69	1,224.27	22,575.97
Total - Gross	**36,379.94**	**2,025.52**	**38,405.46**	**21,351.69**	**1,224.27**	**22,575.97**
Less : Impairment loss allowance	(574.46)	(24.76)	(599.22)	(461.47)	(14.84)	(476.31)
Total - Net	**35,805.48**	**2,000.76**	**37,806.24**	**20,890.22**	**1,209.43**	**22,099.66**

Credit quality of assets

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

Particulars	As at 31 March 2023				As at 31 March 2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Internal rating grade								
Performing								
Standard grade - No over due	38,223.28	-	-	38,223.28	21,938.81	-	-	21,938.81
Standard grade - DPD 1 to 30	40.73	-	-	40.73	177.00	-	-	177.00
Standard grade - DPD 31 to 60	-	21.70	-	21.70	-	120.65	-	120.65
Standard grade - DPD 61 to 90	-	12.53	-	12.53	-	45.80	-	45.80
Non- performing								
Sub-standard grade - DPD > 90*	-	-	107.22	107.22	-	-	293.71	293.71
Total	**38,264.01**	**34.23**	**107.22**	**38,405.46**	**22,115.81**	**166.45**	**293.71**	**22,575.97**

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

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

Particulars	As at 31 March 2023				As at 31 March 2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount -opening balance	**22,115.81**	**166.45**	**293.71**	**22,575.97**	**11,283.92**	**211.02**	**491.41**	**11,986.35**
New assets originated*	35,129.59	18.95	16.28	35,164.82	20,204.07	45.73	23.86	20,273.66
Movement between stages	**-**	**-**	**-**					
Transferring from Stage 1	(124.56)	43.96	80.60	-	(503.98)	280.59	223.39	-
Transferring from Stage 2	10.76	(33.73)	22.97	-	5.61	(75.66)	70.05	-

Notes forming part of the financial statements

as at March 31, 2023 (All amounts in ₹ millions unless otherwise stated)

7 Loans (Contd..)

Particulars	As at 31 March 2023				As at 31 March 2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Transferring from Stage 3	0.60	0.08	(0.68)	-	0.45	0.98	(1.43)	-
Assets repaid, derecognized and written off	(18,868.19)	(161.48)	(305.66)	(19,335.33)	(8,874.26)	(296.21)	(513.57)	(9,684.04)
Gross carrying amount- closing balance	**38,264.01**	**34.23**	**107.22**	**38,405.46**	**22,115.81**	**166.45**	**293.71**	**22,575.97**

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

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

Reconciliation of ECL balance is given below:

Particulars	As at 31 March 2023				As at 31 March 2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Impairment allowance - opening balance	**213.85**	**57.28**	**205.18**	**476.31**	**208.41**	**74.36**	**384.16**	**666.93**
New assets originated*	454.91	8.55	13.97	477.43	181.53	16.15	17.54	215.22
Movement between stages								
Transfers from Stage 1	(1.37)	0.49	0.88	-	(10.93)	5.53	5.40	-
Transfers from Stage 2	3.67	(11.33)	7.66	-	1.70	(23.42)	21.72	-
Transfers from Stage 3	0.27	0.05	(0.32)	-	0.33	0.73	(1.06)	-
Additional provision created during the year/(Assets repaid, derecognized and written off)	(176.50)	(40.44)	(137.58)	(354.52)	(167.19)	(16.07)	(222.58)	(405.84)
Impairment allowance - closing balance	**494.83**	**14.60**	**89.79**	**599.22**	**213.85**	**57.28**	**205.18**	**476.31**

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

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

8 Investments

Particulars	As at 31 March 2023	As at 31 March 2022
a) Mutual funds	-	53.59
b) Debt securities	1,347.82	-
c) Pass through certificates (unquoted)	-	225.27
Total Gross (A)	**1,347.82**	**278.86**
i) Investments outside India	-	-
ii) Investments in India	1,347.82	278.86
Total Gross (B)	**1,347.82**	**278.86**
Less : Allowance for impairment loss **(C)**	-	-
Net - D = (A) - (C)	**1,347.82**	**278.86**

Notes forming part of the financial statements

as at March 31, 2023 (All amounts in ₹ millions unless otherwise stated)

8 Investments (Contd..)

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

Particulars	As at 31 March 2023	As at 31 March 2022
0 Units in NAVI Liquid Fund DP Growth (March 31, 2022 : 22,972 Units)	-	53.59
Total	**-**	**53.59**

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

Particulars	As at 31 March 2023	As at 31 March 2022
Bonds (quoted)	1,347.82	-
Bonds (unquoted)	-	-
Total	**1,347.82**	**-**

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

Particulars	As at 31 March 2023	As at 31 March 2022
In Pass Through Certificates (PTC) representing securitisation of loan receivables	-	225.27
Total - Gross	**-**	**225.27**
Less : Impairment loss allowance	-	-
Net	**-**	**225.27**

8 Investments (Contd..)

Particulars	As at 31 March 2023	As at 31 March 2022
Security rental deposits (unsecured, considered good)	23.05	12.95
Insurance recoverable	40.38	33.02
Less : Impairment on insurance recoverable	(19.12)	(22.27)
EIS receivable on assignment	548.15	282.11
Other recoverables	47.18	71.04
Less : Impairment on other recoverables	(8.62)	(14.85)
Total	**631.02**	**362.00**

10 Deferred tax assets (net)

Particulars	As at 31 March 2023	As at 31 March 2022
(A) Deferred tax assets		
Provision for employee benefits & Other payables	27.63	18.42
Difference in written down value as per books and Income Tax Act	8.01	3.91
Impairment allowance for loans	125.23	101.67
Impairment allowance for other receivables	7.13	9.49
Financial assets measured at amortised cost	89.18	45.05
Others	-	0.02
Total deferred tax assets	**257.18**	**178.56**

Notes forming part of the financial statements

as at March 31, 2023 (All amounts in ₹ millions unless otherwise stated)

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

Particulars	As at 31 March 2023	As at 31 March 2022
(B) Deferred tax liabilities		
Financial liabilities measured at amortised cost	41.50	27.42
Deferment of upfront EIS and servicing obligation recorded for assignment	114.12	61.82
Fair value change of loans through other comprehensive income	(0.71)	1.09
Others	13.31	0.49
Total deferred tax liabilities	**168.22**	**90.82**
Net deferred tax asset	**88.96**	**87.74**

(i) Movement in deferred tax assets (net)

Particulars	As at 31 March 2022	(Charged)/ credited to statement of profit and loss	(Charged)/ credited to other comprehensive income	Charged to other equity	As at 31 March 2023
(A) Deferred tax assets					
Provision for employee benefits	18.42	8.67	0.54	-	27.63
Difference in written down value as per Companies Act and Income Tax Act	3.91	4.10	-	-	8.01
Impairment allowance for loans	101.67	23.56	-	-	125.23
Impairment allowance for other receivables	9.49	(2.36)	-	-	7.13
Financial assets measured at amortised cost	45.05	44.13	-	-	89.18
Others	0.02	(0.02)	-	-	-
Total deferred tax assets	**178.56**	**78.08**	**0.54**	**-**	**257.18**
(B) Deferred tax liabilities					
Financial liabilities measured at amortised cost	27.42	14.08	-	-	41.50
Deferment of upfront EIS and servicing obligation recorded for assignment	61.82	52.30	-	-	114.12
Fair value change of loans through other comprehensive income	1.09	-	(1.79)	-	(0.71)
Others	0.49	12.82	-	-	13.31
Total deferred tax liabilities	**90.82**	**79.20**	**(1.79)**	**-**	**168.22**
Net deferred tax asset	**87.74**	**(1.12)**	**2.33**	**-**	**88.96**

11 Property, plant and equipment

Particulars	Computer and accessories	Furniture and fixtures	Vehicles	Electrical equipment	Office equipment	Total
As at March 31, 2022	**83.38**	**45.99**	**0.09**	**10.97**	**5.85**	**146.28**
Additions	53.60	53.31	-	10.12	18.12	135.15
Adjustments/ regrouping	-	-	-	-	-	-
Reversal on disposal of assets	9.38	0.85	-	1.26	-	11.49
As at March 31, 2023	**127.60**	**98.45**	**0.09**	**19.83**	**23.97**	**269.94**

Notes forming part of the financial statements

as at March 31, 2023 (All amounts in ₹ millions unless otherwise stated)

11 Property, plant and equipment (Contd..)

Particulars	Computer and accessories	Furniture and fixtures	Vehicles	Electrical equipment	Office equipment	Total
Accumulated depreciation and impairment						
As at March 31, 2022	**48.14**	**21.31**	**0.08**	**4.52**	**2.90**	**76.95**
Charge for the period	38.71	13.80	-	3.24	5.42	61.17
Adjustments/ regrouping	-	-	-	-	-	-
Reversal on disposal of assets	9.01	0.51	-	1.13	-	10.65
As at March 31, 2023	**77.84**	**34.60**	**0.08**	**6.63**	**8.32**	**127.47**
Net carrying amount as at March 31, 2023	**49.76**	**63.85**	**0.01**	**13.20**	**15.65**	**142.47**

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

Particulars	As at 31 March 2023	As at 31 March 2022
Opening value of right of use assets	0.50	1.33
Addition to lease assets during the period	60.99	-
Less: Amortisation for the period	(8.56)	(0.83)
Closing value of right of use assets	**52.93**	**0.50**

13 Other intangible assets

Particulars	Computer software
Gross block	
As at March 31, 2022	**21.23**
Additions	10.08
Reversal on disposal of assets	-
As at March 31, 2023	**31.31**
Accumulated amortisation and impairment:	
As at March 31, 2022	**7.23**
Charge for the period	7.22
Reversal on disposal of assets	-
As at March 31, 2023	**14.45**
Net carrying amount as at March 31, 2023	**16.86**

Other than internally generated.

14 Other non-financial assets

Particulars	As at 31 March 2023	As at 31 March 2022
Prepaid expenses	142.87	13.44
Advance to suppliers and others	33.73	19.79
Advance to staff	3.21	1.31
Income tax paid under dispute	2.61	2.61
Total	**182.42**	**37.15**

Notes forming part of the financial statements

as at March 31, 2023 (All amounts in ₹ millions unless otherwise stated)

15 Trade payables

Particulars	As at 31 March 2023	As at 31 March 2022
Total outstanding dues of micro enterprises and small enterprises	0.17	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	136.51	50.51
Total	**136.68**	**50.51**

15.1 Trade payables ageing is as follows:

Particulars	As at 31 March 2023				
	Outstanding for following periods from due date of payment				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	0.17	-	-	-	0.17
(ii) Others	136.51	-	-	-	136.51
(iii) Disputed dues- MSME	-	-	-	-	-
(iv) Disputed dues- others	-	-	-	-	-

Particulars	As at 31 March 202				
	Outstanding for following periods from due date of payment				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	-	-	-	-	-
(ii) Others	50.37	-	0.14	-	50.51
(iii) Disputed dues- MSME	-	-	-	-	-
(iv) Disputed dues- others	-	-	-	-	-

16 Other payables

Particulars	As at 31 March 2023	As at 31 March 2022
Total outstanding dues of micro enterprises and small enterprises	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	-	-
Total	**-**	**-**

17 A. Debt securities secured (at amortised cost)

Particulars	As at 31 March 2023	As at 31 March 2022
Redeemable non-convertible debentures - Secured and listed	649.84	1,765.00
Redeemable non-convertible debentures - Secured and unlisted	437.57	466.08
Total (A)	**1,087.41**	**2,231.08**

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

Notes forming part of the financial statements

as at March 31, 2023 (All amounts in ₹ millions unless otherwise stated)

17 (Contd..)

B. Debt securities unsecured (at amortised cost)

Particulars	As at 31 March 2023	As at 31 March 2022
Redeemable non-convertible debentures - Unsecured and listed	499.64	-
Redeemable non-convertible debentures - Unsecured and unlisted	-	50.00
Total (B)	**499.64**	**50.00**
Total debt securities (A+B)	**1,587.05**	**2,281.08**
Debt securities in India	1,587.05	2,281.08
Debt securities outside India	-	-
Total	**1,587.05**	**2,281.08**

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

Particulars	As at 31 March 2023	As at 31 March 2022
Secured		
Term loan from Banks - Secured	26,874.90	13,864.07
Term loan from Financial Institutions -Secured	3,718.57	3,749.19
Liability against Securitised Assets	318.05	-
Unsecured		
Commercial Paper	146.38	-
Total	**31,057.90**	**17,613.26**
Borrowings in India	31,057.90	17,613.26
Borrowings outside India	-	-
Total	**31,057.90**	**17,613.26**

1) The term loans are secured by unsecured microfinance JLG loans to the extent of minimum 100%-120% of outstanding. The Company assigns the book debts as per the sanction terms. Further in respect of term loans drawn during quarter 4 of FY 2022-23 aggregating to ₹ 3,560 million, the Company will assign the book debts in due course as per the sanction terms.

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

18. 1 Terms of debentures*

Terms of debentures	Number of debentures		Face value in ₹	Amount	
	As at 31 March 2023	As at 31 March 2022		As at 31 March 2023	As at 31 March 2022
Secured					
12.40% Secured, Rated, Listed, Redeemable, Transferable, Non-Convertible Debentures dated 22 June 2017 with Call / Put option with exercise date on 29 June 2021. Redeemable on maturity if option not exercised or communication for roll-over received from lender.	-	250	-	-	250.00
11.80% Secured Senior, Rated, Listed, Redeemable non-convertible debentures dated 08 June 2020	150	150	10,00,000	150.00	150.00
11.04% Secured Senior, Rated, Listed, Redeemable non-convertible debentures dated 01 July 2020	500	500	10,00,000	500.00	500.00

Notes forming part of the financial statements

as at March 31, 2023 (All amounts in ₹ millions unless otherwise stated)

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

Terms of debentures	Number of debentures		Face value in ₹	Amount	
	As at 31 March 2023	As at 31 March 2022		As at 31 March 2023	As at 31 March 2022
10.25% Secured, Rated, Listed, Redeemable non-convertible debentures dated 19 November 2020	-	500	-	-	500.00
9.35% Secured Senior, Rated, Listed, Redeemable non-convertible debentures dated 15 December 2020	-	2,500	-	-	57.70
10.00% Senior, Secured, Rated, Listed, Redeemable, Transferable, Principal Protected Market Linked Non-Convertible dated 01 February 2021	-	3,100	-	-	310.00
9.32% Rated, Unlisted, Senior, Secured, Redeemable, Taxable, Transferable, non-convertible debentures dated 30 March 2021	500	500	8,80,000	440.00	470.00
Unsecured					
14.50% Senior Unsecured, Rated, Listed, Transferable, Redeemable, Non-Convertible Debentures dated 11 February 2016	-	50	-	-	50.00
12.83% Senior Unsecured, Rated, Listed, Transferable, Redeemable, Non-Convertible Debentures dated 28 July 2022	500	-	10,00,000	500.00	-
Subordinated debts					
17.00% Subordinated, Rated, Listed, Unsecured, Redeemable, Transferable, Non-Convertible Debentures dated 11 February 2016	-	50	-	-	50.00
14.50% Subordinated, Rated, Listed, Unsecured, Redeemable, Taxable, Non-Convertible Debentures dated 29 December 2016	-	15,00,00,000	-	-	150.00
12.40% Subordinated, Rated, Unlisted, Unsecured, Redeemable, Taxable, Non-Convertible Debentures dated 21 November 2022	750	-	5,00,000	375.00	-
12.40% Subordinated, Rated, Unlisted, Unsecured, Redeemable, Taxable, Non-Convertible Debentures dated 21 November 2022	750	-	5,00,000	375.00	-
12.40% Subordinated, Rated, Listed, Unsecured, Redeemable, Taxable, Non-Convertible Debentures dated 21 Feb 2023	12,500	-	1,00,000	1,250.00	-

* The amounts as on March 31, 2023 and March 31, 2022 are outstanding amounts denominated at face value of the respective securities.

Note:

There were no delays in repayment of borrowings during FY 2022-23 and FY 2021-22.

Notes forming part of the financial statements

as at March 31, 2023 (All amounts in ₹ millions unless otherwise stated)

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

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 2023 No. of instalments	As at 31 March 2023 Amount	As at 31 March 2022 No. of instalments	As at 31 March 2022 Amount
Monthly repayment schedule	8%-10%	Upto 2 years		-	3	57.70
Half yearly repayment schedule	8%-10%	Upto 2 years	8	440.00	7	45.00
	8%-10%	2 to 4 years		-	3	425.00
At the end of tenure / On demand	8%-10%	Upto 2 years		-	2	310.00
	10%-12%	Upto 2 years	2	650.00	4	1,150.00
	12%-15%	Upto 2 years		-	2	300.00
	12%-15%	2 to 4 years	1	500.00		-
Total				**1,590.00**		**2,287.70**

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

Original Maturity of loan	Interest rate	Original maturity period	As at 31 March 2023 No. of instalments	As at 31 March 2023 Amount	As at 31 March 2022 No. of instalments	As at 31 March 2022 Amount
Monthly repayment schedule	8%-10%	Upto 2 years	823	15,484.53	758	9,385.99
	8%-10%	2 to 4 years	22	347.22	218	2,403.36
	10%-12%	Upto 2 years	349	5,337.41	81	822.40
	10%-12%	2 to 4 years	5	110.42		-
	12%-15%	Upto 2 years		-	9	73.30
Quarterly repayment schedule	8%-10%	Upto 2 years	15	945.00	7	262.50
	10%-12%	Upto 2 years	53	2,526.70		
	10%-12%	2 to 4 years	4	455.01		-
At the end of tenure / On demand	8%-10%	Upto 2 years	1	400.00	3	1,000.00
	10%-12%	Upto 2 years	4	1,400.00		-
Total				**27,006.29**		**13,947.55**

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 2023 No. of instalments	As at 31 March 2023 Amount	As at 31 March 2022 No. of instalments	As at 31 March 2022 Amount
Monthly repayment schedule	Below 8%	Upto 2 years	48	959.24		-
	8%-10%	Upto 2 years	17	364.13	88	1,102.83
	8%-10%	2 to 4 years		-	19	380.49
	10%-12%	Upto 2 years	81	1,064.59	52	310.20
	10%-12%	2 to 4 years		-	2	18.70

Notes forming part of the financial statements

as at March 31, 2023 (All amounts in ₹ millions unless otherwise stated)

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

Original Maturity of loan	Interest rate	Original maturity period	As at 31 March 2023		As at 31 March 2022	
			No. of instalments	Amount	No. of instalments	Amount
Quarterly repayment schedule	8%-10%	Upto 2 years	7	233.33	7	233.30
	8%-10%	2 to 4 years		-	4	133.34
	10%-12%	Upto 2 years	7	350.00		-
	10%-12%	2 to 4 years	4	200.00		-
	8%-10%	Upto 2 years	8	432.00	8	650.50
	8%-10%	2 to 4 years	4	96.00	8	252.00
	8%-10%	4 to 6 years		-	4	24.00
	10%-12%	Upto 2 years	4	36.00	3	85.50
	10%-12%	2 to 4 years		-	3	27.00
Yearly repayment schedule	8%-10%	Upto 2 years		-	2	550.00
Total				**3,735.30**		**3,767.87**

Maturity pattern of subordinated liabilities

Original Maturity of loan	Interest rate	Original maturity period	As at 31 March 2023		As at 31 March 2022	
			No. of instalments	Amount	No. of instalments	Amount
At the end of tenure / On demand	12%-15%	Upto 2 years		-	1	150.00
	12%-15%	4 to 6 years	3	2,000.00		-
	above 15%	Upto 2 years	2	150.00	2	100.00
	above 15%	2 to 4 years		-	2	150.00
Total				**2,150.00**		**400.00**

Maturity pattern of Commercial Paper

Original Maturity of loan	Interest rate	Original maturity period	As at 31 March 2023		As at 31 March 2022	
			No. of instalments	Amount	No. of instalments	Amount
At the end of tenure / On demand	8%-10%	Upto 2 years	1	146.74		-
Total				**146.74**		**-**

Maturity pattern of PTC

Original Maturity of loan	Interest rate	Original maturity period	As at 31 March 2023		As at 31 March 2022	
			No. of instalments	Amount	No. of instalments	Amount
Monthly repayment schedule	8%-10%	Upto 2 years	10	318.79		-
Total				**318.79**		**-**

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

Notes forming part of the financial statements

as at March 31, 2023 (All amounts in ₹ millions unless otherwise stated)

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

18.3 Reconciliation of Financing Activity

Particulars	As at March 31, 2022	Cash flow			Non-cash			As at March 31, 2023
		Additions	Payment	Lease payments	Interest expenses on lease liability	Upfront fees and amortisation	Consideration received in the form of investments for NCDs issued	
Debt securities	2,281.08	501.17	(1,198.87)	-	-	3.67	-	1,587.05
Borrowings (other than debt securities)	17,613.26	33,087.40	(19,595.71)	-	-	(47.05)	-	31,057.90
Subordinated liabilities	399.16	2,026.92	(276.92)	-	-	(118.58)	-	2,030.58
Lease liability	0.67	60.98	-	(9.89)	3.71	-	-	55.47
Total liabilities from financial activities	**20,294.17**	**35,676.47**	**(21,071.50)**	**(9.89)**	**3.71**	**(161.96)**	**-**	**34,731.00**

Particulars	As at March 31, 2021	Cash flow			Non-cash			As at March 31, 2022
		Additions	Payment	Lease payments	Interest expenses on lease liability	Upfront fees and amortisation	Consideration received in the form of investments for NCDs issued	
Debt securities	2,965.86	-	(699.20)	-	-	14.42	-	2,281.08
Borrowings (other than debt securities)	6,751.69	16,893.74	(5,953.42)	-	-	(78.75)	-	17,613.26
Subordinated liabilities	398.36	-	-	-	-	0.80	-	399.16
Lease liability	1.52	-	-	(0.93)	0.09	-	-	0.67
Total liabilities from financial activities	**10,117.43**	**16,893.74**	**(6,652.62)**	**(0.93)**	**0.09**	**(63.54)**	**-**	**20,294.17**

19 Subordinated liabilities (at amortised cost)

Particulars	As at 31 March 2023	As at 31 March 2022
Non-convertible debentures	1,880.83	199.56
Term loans	149.75	199.60
Total	**2,030.58**	**399.16**
Subordinated debts in India	2,030.58	399.16
Subordinated debts outside India	-	-
Total	**2,030.58**	**399.16**

20 Other financial liabilities

Particulars	As at 31 March 2023	As at 31 March 2022
Interest accrued on borrowings	77.01	106.22
Payable to employees	18.30	13.45
Payables towards assignment transactions	1,359.25	501.89
Retention money payable	1.85	-
Total	**1,456.41**	**621.56**

Notes forming part of the financial statements

as at March 31, 2023 (All amounts in ₹ millions unless otherwise stated)

21 Provisions

Particulars	As at 31 March 2023	As at 31 March 2022
For employee benefits		
Gratuity (Refer note 38)	60.64	38.59
Compensated absences (Refer note 38)	49.14	34.58
Incentives	68.77	36.00
Statutory bonus	52.27	31.04
ESOP & CIP *	2.28	5.88
Others		
Other losses	0.58	0.58
Total	**233.68**	**146.67**

* ESOP provisions amounting to ₹ 1.90 millions as at March 31, 2023 is payable to Navi Technologies Limited towards ESOPs issued to the employees of Chaitanya India Fin Credit Private Limited.

21.1 Movement of Employee Stock Option Plan

Particulars	No. of options March 31, 2023	No. of options March 31, 2022
Options outstanding at the beginning of the year	3,60,053	1,83,270
Options outstanding at March 31, 2022 due to stock split	36,00,530	-
Granted during the year	3,91,198	2,07,619
Lapsed during the year	(2,96,410)	(30,836)
Options outstanding at the end of the year	**36,95,318**	**3,60,053**

22 Other non-financial liabilities

Particulars	As at 31 March 2023	As at 31 March 2022
Statutory dues payable	22.96	20.80
Service obligation on assignment	94.78	36.49
Others	1.03	0.03
Total	**118.77**	**57.32**

23 Equity share capital

Particulars	As at 31 March 2023	As at 31 March 2022
AUTHORISED SHARE CAPITAL		
25,35,00,000 equity shares of ₹ 10 each (March 31, 2022: 10,35,00,000 equity shares of ₹ 10 each)	2,535.00	1,035.00
1,80,00,000 preference shares of ₹ 10 each (March 31, 2022: 1,80,00,000 preference shares of ₹ 10 each)	180.00	180.00
Total authorised capital	**2,715.00**	**1,215.00**
EQUITY SHARE CAPITAL		
Issued, subscribed and fully paid up share capital		
Equity shares		
14,51,66,666 equity shares of ₹ 10 each fully paid-up (March 31, 2022: 10,35,00,000 equity shares of ₹ 10 each)	1,451.67	1,035.00
Total equity share capital	**1,451.67**	**1,035.00**

Notes forming part of the financial statements

as at March 31, 2023 (All amounts in ₹ millions unless otherwise stated)

23 Equity share capital (Contd..)

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

Particulars	Number of shares	Amount
As at March 31, 2022	**10,35,00,000**	**1,035.00**
Issued during the year	4,16,66,666	416.67
As at March 31, 2023	**14,51,66,666**	**1,451.67**

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

b. Terms/ rights attached to equity shares

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

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

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

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

S. No.	Name of the shareholder	As at 31 March 2023		As at 31 March 2022		% Change during the year
		Number of shares	% of Total Shares	Number of shares	% of Total Shares	
1	Navi Technologies Limited (formerly known as Navi Technologies Private Limited)	3,62,91,666	25%	-	0%	25%
2	Navi Finserv Limited (formerly known as Navi Finserv Private Limited) and its nominees	10,88,75,000	75%	10,35,00,000	100%	-25%

e. Details of shareholding of Promoters

S. No.	Name of the shareholder	As at 31 March 2023		As at 31 March 2022		% Change during the year
		Number of shares	% of Total Shares	Number of shares	% of Total Shares	
1	Navi Technologies Limited (formerly known as Navi Technologies Private Limited)	3,62,91,666	25%	-	0%	25%
2	Navi Finserv Limited (formerly known as Navi Finserv Private Limited)	10,88,74,994	75%	10,34,99,999	100%	-25%

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

Notes forming part of the financial statements

as at March 31, 2023 (All amounts in ₹ millions unless otherwise stated)

24 Other equity

Particulars	As at 31 March 2023	As at 31 March 2022
Statutory reserve (Pursuant to Section 45-IC of the RBI Act, 1934)		
Opening balance	181.42	80.73
Add: Transfer from retained earnings	296.71	100.69
Closing balance	**478.13**	**181.42**
Securities premium account		
Opening balance	2,139.95	2,139.95
Add : Securities premium credited on share issue	1,333.33	-
Less: Premium utilised	-	-
Closing balance	**3,473.28**	**2,139.95**
Equity component of compound financial instruments	**-**	**-**
Debenture redemption reserve		
Opening balance	10.00	10.00
Add: Transfer from retained earnings	-	-
Closing balance	**10.00**	**10.00**
Contribution to employee stock option scheme		
Opening balance	16.80	16.80
Add: Employee stock option compensation for the year	-	-
Less: Balance transferred to retained earnings	(16.80)	-
Closing balance	**-**	**16.80**
Other comprehensive income		
Opening balance	0.10	19.20
Add: Transfer from Statement of Profit and Loss on account of :		
- Actuarial loss on retirement benefits	(2.14)	(1.73)
- Fair valuation of loans	(7.12)	(23.80)
Deferred tax on the above	2.33	6.43
Closing balance	**(6.83)**	**0.10**
Retained earnings		
Opening balance	602.50	180.66
Add : Net profit/(net loss) for the current year	1,476.60	503.42
Add / Less: Appropriations		
Transfer to statutory reserve as per Section 45-IC of The RBI Act, 1934	(296.71)	(100.69)
Transfer to Debenture redemption reserve	-	-
Other comprehensive income	9.26	25.54
Deferred tax on the above	(2.33)	(6.43)
Transfer of outstanding balance in ESOP reserve	16.80	-
Total appropriations	**(272.98)**	**(81.58)**
Retained earnings	**1,806.12**	**602.50**
Total Other equity	**5,760.70**	**2,950.77**

Nature and purpose of reserves

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

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

Debenture redemption reserve (DRR): The Company has created DRR of ₹ 10 millions during the previous year ended March 31, 2021. This reserve will be transferred to retained earnings on redemption of the above mentioned non convertible debentures.

Notes forming part of the financial statements

as at March 31, 2023 (All amounts in ₹ millions unless otherwise stated)

24 Other equity (Contd..)

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

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

Other comprehensive income: Re-measurement of the net defined benefit liability/(asset) comprises actuarial gain and losses and remeasurement of unsecured JLG loans measured under FVTOCI. The company has not declared or paid any dividend during the year.

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

25 Interest income

Particulars	On financial assets measured at amortised cost	On financial assets measured at FVTOCI	On financial assets measured at FVTPL	For the year ended March 31, 2023
Interest income on loans	6,189.05	340.39	-	6,529.44
Interest income on deposits	11.39	-	-	11.39
Interest income on Investments	-	-	25.20	25.20
Total	**6,200.44**	**340.39**	**25.20**	**6,566.03**

Particulars	On financial assets measured at amortised cost	On financial assets measured at FVTOCI	On financial assets measured at FVTPL	For the year ended March 31, 2022
Interest income on loans	2,873.21	252.74	-	3,125.95
Interest income on deposits	12.03	-	-	12.03
Interest income on Investments	-	-	63.29	63.29
Total	**2,885.24**	**252.74**	**63.29**	**3,201.27**

26 Fees and commission income

Particulars	As at 31 March 2023	As at 31 March 2022
Other commission	25.06	19.32
Total	**25.06**	**19.32**

Notes forming part of the financial statements

as at March 31, 2023 (All amounts in ₹ millions unless otherwise stated)

27 Net gain on fair value changes

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
(A) Net gain on financial instruments at fair value through profit or loss		
- **Investments**		
Gain on sale of mutual funds	78.61	16.35
Gain on fair valuation of investment in mutual funds	-	1.43
Profit/Loss On Sale Of other Investments	1.16	-
Gain on fair valuation of Other Investments	2.22	(0.21)
Total	**81.99**	**17.57**
Fair value changes:		
- Realised	79.77	16.35
- Unrealised	2.22	1.22
Total	**81.99**	**17.57**

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

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Gain on sale of loan portfolio through assignment	882.34	361.40
Total	**882.34**	**361.40**

29 Other operating income

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Bad debt recovered	51.51	12.34
Income from advertisement and promotion	26.00	-
Total	**77.51**	**12.34**

30 Other income

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Profit on sale of property, plant and equipment (net)	-	0.08
Miscellaneous income	0.79	0.65
Total	**0.79**	**0.73**

Notes forming part of the financial statements

as at March 31, 2023 (All amounts in ₹ millions unless otherwise stated)

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

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Interest on debt securities		
- Debentures	235.70	310.81
Interest on borrowings (other than debt securities)	2,215.64	920.15
Interest on subordinated liabilities	121.52	63.42
Interest on inter corporate loans	5.52	0.35
Interest on income tax	0.02	4.98
Assignment expenses	73.04	9.84
Interest on lease liability	3.70	0.09
Other costs	-	1.77
Interest on GST	0.24	-
Total	**2,655.38**	**1,311.41**

32 Impairment of financial assets

Particulars	On financial assets measured at amortised cost	On financial assets measured at FVTOCI	For the year ended 31 March 2022
Portfolio loans written off	222.77	-	222.77
Impairment allowance/(reversal) on portfolio loans	104.00	18.92	122.92
Impairment loss allowance on other receivable	(8.51)	-	(8.51)
Impairment reversal on investments	-	-	-
Total	**318.26**	**18.92**	**337.18**

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

Notes forming part of the financial statements

as at March 31, 2023 (All amounts in ₹ millions unless otherwise stated)

33 Employee benefits expenses

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Salaries, other allowance and bonus	1,471.82	779.23
Contribution to provident and other funds*	120.56	60.54
Share based payment to employees	33.24	10.47
Compensated absences *	27.25	9.76
Gratuity expenses *	23.46	13.68
Staff welfare expenses	58.23	28.50
Total	**1,734.56**	**902.18**

* (For detailed information refer note 38)

34 Depreciation and amortisation expenses

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
- On Property, plant and equipment	61.17	22.34
- On Intangible assets	7.22	4.81
- On Right of use assets	8.56	0.83
Total	**76.95**	**27.98**

35 Other expenses

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Rent	92.00	47.79
Electricity charges	12.85	6.18
Rates and taxes	16.10	1.92
Repairs and maintenance	15.29	13.06
Communication costs	34.35	17.31
Printing and stationery	40.81	19.08
Meeting and training expenses	37.39	12.01
Membership fee and subscription	11.31	5.07
Directors' sitting fees	5.89	5.78
Auditor's fees and expenses*	5.40	3.22
Legal and professional charges	244.35	96.09
Travelling and conveyance	305.90	163.11
Other administrative expenses	46.69	22.74
Advertisement and publicity	0.19	0.25
Insurance	11.99	2.86
Bank Charges	0.57	11.85
Software Expenses	12.92	5.98
Corporate Social Responsibility expense (refer note 47)	6.89	2.81
Total	**900.89**	**437.11**

Notes forming part of the financial statements

as at March 31, 2023 (All amounts in ₹ millions unless otherwise stated)

35 Other expenses (Contd..)

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

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
As Auditor:		
- Audit fees (including fees for limited review)	2.18	1.91
- Tax audit fees	0.27	0.27
- Special Purpose audit	1.31	0.33
- Out of pocket expenses	0.52	0.04
- Out of pocket expenses to previous auditor	-	0.02
In any other manner:		
- Certification	1.12	0.65

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

36 Tax expense

The components of income tax expense for the year ended March 31, 2023 and March 31, 2022 are:

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Current tax	446.64	96.17
Adjustment in respect of current income tax of prior years	(2.51)	9.40
Deferred tax relating to origination and reversal of temporary differences	1.10	75.01
Tax expense reported in the Statement of Profit and Loss	**445.23**	**180.58**

Reconciliation of the total tax charge:

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

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Accounting profit before tax	**1,928.76**	**703.10**
Income tax rate	25.17%	25.17%
Expected tax expense	485.43	176.96
Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense		
Adjustment for tax pertaining to the prior years	(2.51)	9.40
Tax impact of expenses which is non deductible	1.74	1.96
Tax impact on deductions allowed under income tax	(39.43)	(21.19)
Others	-	13.45
Income tax expense reported in the statement of profit and loss	**445.23**	**180.58**

Notes forming part of the financial statements

as at March 31, 2023 (All amounts in ₹ millions unless otherwise stated)

37 Earnings per share

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Net profit for the year for basic EPS	**1,483.53**	**522.52**
Dilutive impact of compulsorily convertible debentures	-	-
Net profit for the year for diluted EPS	**1,483.53**	**522.52**
Nominal value of equity share (in ₹)	10.00	10.00
Weighted-average number of equity shares for basis earnings per share	**13,42,76,255**	**10,35,00,000**
Effect of dilution:		
Compulsory convertible debentures	-	-
Weighted-average number of equity shares used to compute diluted earnings per share	**13,42,76,255**	**10,35,00,000**
Basic earnings per equity share (in ₹)	11.05	5.05
Diluted earnings per equity share (in ₹)	11.05	5.05

38 Retirement benefit plan

Defined contribution plan

The Company makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards provident fund and other funds which are defined contribution plans. The Company has no obligations other than this to make the specified contributions. The contributions are charged to the Statement of Profit and Loss as they accrue. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognized ₹ 100.51 millions for the year ended March 31, 2023 (March 31, 2022: ₹ 54.84 millions) for Provident Fund contributions and ₹ 18.91 millions for the year ended March 31, 2023 (March 31, 2022: ₹ 5.18 millions) for Employee State Insurance Scheme contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the Schemes.

Defined benefit plan

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

Employee benefit obligations

Balance recognised in the balance sheet is as under:

Particulars	As at March 31, 2023	As at March 31, 2022
Gratuity	60.64	38.59
Compensated absences	49.14	34.58

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

Particulars	As at March 31, 2023	As at March 31, 2022
Gratuity	23.46	13.68
Compensated absences	27.25	9.76

Notes forming part of the financial statements

as at March 31, 2023 (All amounts in ₹ millions unless otherwise stated)

38 Retirement benefit plan (Contd..)

Expense recognised through OCI is as under:

Particulars	As at March 31, 2023	As at March 31, 2022
Gratuity	2.14	2.00
Compensated absences	-	(0.27)

Disclosure for gratuity

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Components of net gratuity cost charged to Statement of profit and loss		
Current service cost	20.72	11.84
Interest expense	2.75	1.65
Transfer out	-	-
Actuarial loss/(gain) recognised during the year	2.14	2.00
Total(A+B)	**25.61**	**15.49**

Movement in the present value of defined benefit obligation recognised in the balance sheet	For the year ended 31 March 2023	For the year ended 31 March 2022
Present value of defined benefit obligation at the beginning of the year	38.59	26.43
Current service cost	20.72	11.84
Interest cost	2.75	1.65
Past service cost	-	-
Benefits paid	(3.56)	(3.34)
Actuarial (gain)/ loss	2.14	2.00
Defined benefit obligation at the end of the year	**60.64**	**38.59**
Movement in the plan assets recognised in the balance sheet		
Fair value of plan assets at the beginning of the year	**-**	**-**
Interest income	-	-
Employer direct benefits payments	3.56	3.34
Benefits Paid	(3.56)	(3.34)
Benefits Paid from the fund	-	-
Return on plan assets excluding interest income	-	-
Fair value of plan assets end of the year	**-**	**-**

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

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

Description	For the year ended 31 March 2023	For the year ended 31 March 2022
Present value of funded obligation as at the end of the year	60.64	38.59
Fair value of plan assets as at the end of the year	-	-
(Unfunded)/funded net liability recognized in balance sheet	**60.64**	**38.59**

Notes forming part of the financial statements

as at March 31, 2023 (All amounts in ₹ millions unless otherwise stated)

38 Retirement benefit plan (Contd..)

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

Description	For the year ended 31 March 2023	For the year ended 31 March 2022
Actuarial loss/ (gain) on assets	-	-
Actuarial (gain) / loss on liabilities		
Actuarial (gain) from change in demographic assumption	-	-
Actuarial loss from change in financial assumption	(1.52)	(1.02)
Actuarial loss from experience adjustment	3.66	3.02
Total actuarial (gain)/loss	**2.14**	**2.00**

Principal assumptions used in determining gratuity liability are shown below:	As at March 31, 2023	As at March 31, 2022
Expected return on plan assets	-	-
Rate of discounting	7.46%	7.08%
Expected rate of salary increase	7.00%	7.00%
Rate of employee turnover	23.00%	23.00%
Retirement age (years)	60	60

Sensitivity analysis for gratuity liability	As at March 31, 2023	As at March 31, 2022
Impact on defined benefit obligation		
Discount rate +100 basis points	(4.00)	(2.56)
Discount rate -100 basis points	4.62	2.96
Salary growth+ 100 basis points	4.05	2.54
Salary growth- 100 basis points	(3.57)	(2.27)
Attrition rate + 100 basis points	(0.68)	(0.41)
Attrition rate - 100 basis points	0.69	0.42

Expected future pay-outs (discounted)	As at March 31, 2023	As at March 31, 2022
Year I	6.63	4.02
Year II	4.99	3.12
Year III	3.78	2.35
Year IV	2.86	1.78
Year V	2.17	1.37
Year VI-X	7.60	4.36
Above X years	32.61	21.59

Notes forming part of the financial statements

as at March 31, 2023 (All amounts in ₹ millions unless otherwise stated)

38 Retirement benefit plan (Contd..)

Disclosure for Leave Encashment

Amount recognised in the statement of profit and loss

Description	As at March 31, 2023	As at March 31, 2022
Current service cost	13.99	7.80
Interest cost (net)	2.00	1.96
Transfer out	-	-
Actuarial loss/(gain) recognised during the year	11.26	(0.27)
Amount recognised in total comprehensive income	**27.25**	**9.50**

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

Description	As at March 31, 2023	As at March 31, 2022
Present value of defined benefit obligation as at the beginning of the year	**34.58**	**30.38**
Current service cost	13.99	7.80
Interest cost	2.00	1.96
Benefits paid	(12.69)	(5.30)
Transfer out		
Actuarial (gain)/loss	11.26	(0.27)
Present value of defined benefit obligation as at the end of the year	**49.14**	**34.58**

Movement in the plan assets recognised in the balance sheet

Description	As at March 31, 2023	As at March 31, 2022
Fair value of plan assets at the beginning of the year		
Expected return on plan assets		
Contributions by employer	12.69	5.30
Benefits paid	(12.69)	(5.30)
Actuarial gain/(loss)	-	-
Fair value of plan assets at the end of the year	**-**	**-**

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

Description	As at March 31, 2023	As at March 31, 2022
Present value of funded obligation as at the end of the year	49.14	34.58
Fair value of plan assets as at the end of the year	-	-
(Unfunded)/funded net liability recognized in balance sheet	**(49.14)**	**(34.58)**

Notes forming part of the financial statements

as at March 31, 2023 (All amounts in ₹ millions unless otherwise stated)

38 Retirement benefit plan (Contd..)

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

Description	As at March 31, 2023	As at March 31, 2022
Actuarial (gain) / loss on liabilities		
Actuarial (gain) from change in demographic assumption	-	-
Actuarial loss from change in financial assumption	(0.91)	(0.77)
Actuarial loss from experience adjustment	12.16	0.51
Total actuarial (gain)/loss	**11.25**	**(0.26)**

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

Description	As at March 31, 2023	As at March 31, 2022
Discount rate	7.46%	7.08%
Rate of increase in compensation levels	7.00%	7.00%
Rate of employee turnover	23.00%	23.00%
Retirement age	60	60

Sensitivity analysis for Leave Encashment liability	As at March 31, 2023	As at March 31, 2022
Impact on defined benefit obligation		
Discount rate +100 basis points	(2.39)	(1.76)
Discount rate -100 basis points	2.75	2.03
Salary growth+ 100 basis points	2.33	1.73
Salary growth- 100 basis points	(2.05)	(1.51)
Attrition rate + 100 basis points	0.02	(0.04)
Attrition rate - 100 basis points	(0.03)	0.04

Expected future pay-outs (discounted)	As at March 31, 2023	As at March 31, 2022
Year I	10.25	7.01
Year II	7.80	5.40
Year III	5.92	4.13
Year IV	4.49	3.15
Year V	3.41	2.39
Year VI-X	8.61	6.05
Above X years	8.64	6.45

Notes forming part of the financial statements

as at March 31, 2023 (All amounts in ₹ millions unless otherwise stated)

38 Retirement benefit plan (Contd..)

Plan characteristics and associated risks

1. **Salary inflation risk**

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

2. **Demographic risks:**

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

3. **Actuarial risk**

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

   a) Adverse salary growth
   b) Variability in mortality rates
   c) Variability in withdrawal rates

4. **Market risk**

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

5. **Legislative/regulatory risk**

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

6. **Liquidity risk**

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

39 Maturity analysis of assets and liabilities

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

Particulars	As at 31 March 2023			As at 31 March 2022		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Assets						
Financial assets						
Cash and cash equivalents	3,416.20	-	3,416.20	1,964.67	-	1,964.67
Bank balance other than cash and cash equivalents	62.84	145.76	208.60	121.28	112.82	234.10
Other receivables	0.45	-	0.45	1.63	-	1.63
Loans	22,989.40	14,816.84	37,806.24	13,944.27	8,155.39	22,099.66
Investments	1,347.82	-	1,347.82	278.86	-	278.86

Notes forming part of the financial statements

as at March 31, 2023 (All amounts in ₹ millions unless otherwise stated)

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

Particulars	As at 31 March 2023			As at 31 March 2022		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Other financial assets	555.00	76.02	631.02	313.92	48.08	362.00
Non-financial assets						
Current tax assets (net)	-	-	-	6.36	-	6.36
Deferred tax assets (net)	-	88.96	88.96	-	87.74	87.74
Property, plant and equipment	-	142.47	142.47	2.29	67.04	69.33
Intangible Assets under Development	-	-	-	-	-	
Right of use asset	12.34	40.59	52.93	0.20	0.30	0.50
Other intangible assets	-	16.86	16.86	-	14.00	14.00
Other non-financial assets	129.38	53.04	182.42	34.55	2.60	37.15
Total assets	**28,513.43**	**15,380.54**	**43,893.97**	**16,668.04**	**8,487.97**	**25,156.00**
Liabilities						
Financial liabilities						
Trade payables	136.68	-	136.68	50.51	-	50.51
Other payables	-	-	-	-	-	-
Borrowings*	20,360.06	14,315.47	34,675.53	11,070.48	9,223.02	20,293.50
Other financial liabilities	1,456.41	-	1,456.41	621.56	-	621.56
Lease liabilities	9.83	45.64	55.47	0.26	0.41	0.67
Non-financial liabilities						
Current tax liabilities (net)	5.06	-	5.06	-	-	-
Provisions	139.83	93.85	233.68	86.26	60.41	146.67
Other non-financial liabilities	106.35	12.42	118.77	51.10	6.22	57.32
Total liabilities	**22,214.22**	**14,467.38**	**36,681.60**	**11,880.17**	**9,290.06**	**21,170.23**

*All borrowings are disclosed based on the contractual maturities.

Note:

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

40 Contingent liabilities, commitments

(A) Contingent liabilities

Particulars	As at March 31, 2023	As at March 31, 2022
In respect of Income tax demands where the Company has filed an appeal with relevant authority	17.63	13.43
Others	1.16	-
Total	**18.79**	**13.43**

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

Notes forming part of the financial statements

as at March 31, 2023 (All amounts in ₹ millions unless otherwise stated)

40 Contingent liabilities, commitments (Contd..)

(B) Commitments not provided for

Particulars	As at March 31, 2023	As at March 31, 2022
Estimated amount of contracts remaining to be executed on capital account, net of advances	5.70	1.13

(C) Revenue from contracts with customers

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

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Type of service		
Income from business correspondent operations	-	-
Total	-	-
Geographical markets		
India	-	-
Outside India	-	-
Total	-	-
Timing of revenue recognition		
Services transferred at a point in time	-	-
Services transferred over time	-	-
Total	-	-

Contract balances

Particulars	As at March 31, 2023	As at March 31, 2022
Other receivables	0.45	1.63
Trade payable	136.68	50.51
Total (payable)/receivable	**(136.23)**	**(48.88)**

Other receivables are non-interest bearing and are generally on terms of 30 to 90 days. During the period ended March 31, 2023 an amount of Nil (March 31, 2022: 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 2023	For the year ended 31 March 2022
Revenue as per contract	-	-
Adjustments	-	-
Revenue from contract with customers	-	-

Notes forming part of the financial statements

as at March 31, 2023 (All amounts in ₹ millions unless otherwise stated)

40 Contingent liabilities, commitments (Contd..)

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.

41 Lease disclosures

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

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

Particulars	As at March 31, 2023	As at March 31, 2022
Opening lease liabilities	0.67	1.52
Addition to lease liabilities during the year	60.98	-
Interest expense on lease liabilities	3.70	0.09
Cash outflow for leases	(9.89)	(0.94)
Closing lease liabilities	**55.47**	**0.67**

Amounts recognised in Statement of profit or loss

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Depreciation charge on right of use assets	8.56	0.83
Interest on lease liabilities	3.70	0.09
Total	**12.25**	**0.92**

Amounts recognised in the Statement of cash flows

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Interest paid on lease liabilities	3.70	0.09
Payment towards lease liabilities	(9.89)	(0.94)
Total	**(6.19)**	**(0.85)**

Amounts recognised in the Statement of cash flows

Particulars	As at March 31, 2023	As at March 31, 2022
Within one year	9.83	0.26
After one year but not more than five years	45.64	0.41
More than five years	-	-
Total	**55.47**	**0.67**

Notes forming part of the financial statements

as at March 31, 2023 (All amounts in ₹ millions unless otherwise stated)

41 Lease disclosures (Contd..)

Particulars	As at March 31, 2023	As at March 31, 2022
Nature of right of use asset	Office premises	Office premises
No. of right of use assets leased	2	3
Range of remaining term	8 months to 52 months	5 months to 20 months
Average remaining lease term	30.03 Months	11.45 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

42 Related party disclosures

A. List of related parties and disclosures

1. **Enterprises exercising control**

   Ultimate Holding Company: Navi Technologies Limited (Formerly known as Navi Technologies Private Limited)

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

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

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

   Navi AMC Limited

3. **Key managerial personnel and their relatives:**

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

Name of Directors	Designation
Mr. R.Sridharan	Independent Director
Ms. Usha A Narayanan	Independent Director

Notes forming part of the financial statements

as at March 31, 2023 (All amounts in ₹ millions unless otherwise stated)

42 Related party disclosures (Contd..)

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 2023	For the year ended 31 March 2022
Mr. Anand Rao	Remuneration and incentives	14.78	13.11
	Provident fund, ESOP and others#	4.47	0.30
Mr. Samit S Shetty	Sitting fees	1.40	0.70
Mr. R.Sridharan	Sitting fees	2.20	2.50
Ms. Usha A Narayanan	Sitting fees	1.80	2.10
Mr. Srinivasan C V	Remuneration and incentives	-	2.43
	Provident fund, ESOP and others#	-	0.08
	Employee Stock Options exercised	-	-
Mr. Abhik Sarkar	Remuneration and incentives	5.57	2.03
	Provident fund, ESOP and others#	1.63	0.21
Mr. Anup Kumar Gupta	Remuneration and incentives	2.94	2.12
	Provident fund, ESOP and others#	0.78	0.28
Mr. Sachin Bansal	Remuneration and incentives @	0.00	0.00
Navi General Insurance Limited	Medical insurance premium	-	0.36
	Refund of deposit amount after adjusting insurance premium	-	(0.19)
Navi Technologies Limited (Formerly known as Navi Technologies Private Limited)	ESOP Expenditure cross charged	33.24	10.47
Navi Technologies Limited (Formerly known as Navi Technologies Private Limited)	Reimbursement of expenditure incurred by related party	42.94	3.40
Navi Finserv Limited (formerly known as Navi Finserv Private Limited)	Purchase of Bonds*	229.40	-
	Interest & (Gain)/Loss on Redemption of Bonds	1.16	-
	Redemption of Bonds*	(102.03)	-
Navi AMC Limited	Purchase of Mutual Funds	(200.00)	(300.00)
	Redemption of Mutual Funds	254.07	250.00
	Gain/(Loss) on Redemption of Mutual Funds	1.91	2.34

* These bonds are purchased and sold through secondary market.

@ Amount is below rounding off norms adopted by the Company.

The ESOP expenses in respect of KMP is also included in the ESOP expenditure cross charged by Navi technologies Limited

Details of transactions with related parties carried out in the ordinary course of business (cont'd):

Name of related party	Nature of transaction	For the year ended 31 March 2023	For the year ended 31 March 2022
Navi Finserv Limited (formerly known as Navi Finserv Private Limited)	Face value of equity shares allotted	416.67	-
	Securities premium received	1,333.33	-
	Receipt for assignment transaction	214.54	2,049.33
	Payment towards purchase of portfolio	(1,560.88)	(2,333.10)
	Service fee income (excluding GST)	-	0.61
	Inter Corporate loan received	950.00	550.00
	Inter Corporate loan paid	(950.00)	(550.00)
	Interest on Inter Corporate loan	5.52	0.35
	Payment towards Portfolio Collection	-	(40.05)
	Receipt towards Portfolio Collection	4.35	2.57

Notes forming part of the financial statements

as at March 31, 2023 (All amounts in ₹ millions unless otherwise stated)

42 Related party disclosures (Contd..)

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

Name of related party	Nature of balance	As at 31 March 2022	As at 31 March 2022
Navi Finserv Limited (formerly known as Navi Finserv Private Limited)	Outstanding (payable) - DA Assignment	(9.27)	(183.36)
Navi Finserv Limited (formerly known as Navi Finserv Private Limited)	Outstanding receivable- CRIDS buyout portfolio	0.45	1.63
Navi Technologies Limited (Formerly known as Navi Technologies Private Limited)	Outstanding (payable) - Expense reimbursement	(1.06)	-
Navi Technologies Limited (Formerly known as Navi Technologies Private Limited)	ESOP expenses Payable	(1.90)	(5.51)

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

Name of related party	Nature of balance	As at 31 March 2022	As at 31 March 2022
Navi AMC Limited	Outstanding balances of Investments in Mutual funds	-	53.59
Navi Finserv Limited (formerly known as Navi Finserv Private Limited)	Investments in Bonds	128.53	-

Notes forming part of the financial statements

as at March 31, 2023 (All amounts in ₹ millions unless otherwise stated)

42 Related party disclosures (Contd..)

42.1 Related party disclosures

Related Party	Parent (as per ownership or control)		Subsidiaries		Associates/ Joint ventures		Directors		Relatives of Directors		Other Key Management Personnel		Relatives of Other Key Management Personnel		Others		Total	
Particulars	Mar-23	Mar-22	Mar-23	Mar-22	Mar-23	Mar-22	Mar-23	Mar-22	Mar-23	Mar-22	Mar-23	Mar-22	Mar-23	Mar-22	Mar-23	Mar-22	Mar-23	Mar-22
Borrowings																		
Outstanding	-	-															-	-
Maximum during the year*	950.00	300.00															950.00	300.00
Deposits																		
Outstanding																	-	-
Maximum during the year*																	-	-
Placement of deposits																		
Outstanding																	-	-
Maximum during the year*																	-	-
Advances																		
Outstanding																	-	-
Maximum during the year*																	-	-
Investments																		
Outstanding	128.53	-			-	53.59											128.53	53.59
Maximum during the year*	127.91				150.00	150.00											277.91	150.00
Payable on DA transaction	(9.27)	(183.36)															(9.27)	(183.36)
Other Outstanding	(2.51)	(3.88)															(2.51)	(3.88)
Purchase of fixed/ other assets																	-	-
Sale of fixed/other assets																	-	-
Interest paid	5.52	0.35															5.52	0.35
Interest received																	-	-
Others																	-	-
- Remuneration and incentives							19.25	13.41			10.92	7.14					30.17	20.55
- ESOP Expenditure cross charged	33.24	10.47															33.24	10.47
- Reimbursement of expenditure	42.94	3.40															42.94	3.40
- Face value of equity shares allotted	416.67	-															416.67	-
- Securities premium received	1,333.33	-															1,333.33	-
- Receipt for assignment transaction	214.54	2,049.33															214.54	2,049.33
- Payment towards purchase of portfolio	(1,560.88)	(2,333.10)															(1,560.88)	(2,333.10)
- Payment towards Portfolio Collection	-	(40.05)															-	(40.05)
- Receipt towards Portfolio Collection	4.35	2.57															4.35	2.57
- Others	1.16	0.61			1.91	2.51	5.40	5.30									8.47	8.42

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

Notes forming part of the financial statements

as at March 31, 2023 (All amounts in ₹ millions unless otherwise stated)

43 Capital

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

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

Capital management

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

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

Regulatory capital	**As at March 31, 2023**	**As at March 31, 2022**
Tier 1 capital	6,338.28	3,577.25
Tier 2 capital	2,505.85	341.81
Total capital funds	8,844.12	3,919.06
Risk weighted assets	39,590.20	22,544.70
Common Equity Tier 1 capital ratio	16.01%	15.87%
Common Equity Tier 2 capital ratio	6.33%	1.52%
Total capital ratio	**22.34%**	**17.38%**

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

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

44 Fair value measurement

44.1 Financial assets and liabilities

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

Particulars	**Note**	**As at 31 March 2023**	**As at 31 March 2022**
Financial assets measured at fair value through P&L			
Investments	Note - 8	1,347.82	278.86
Financial assets measured at fair value through OCI			
Loans	Note - 7	2,000.76	1,209.43
Financial assets measured at amortised cost			
Cash and cash equivalents	Note - 4	3,416.20	1,964.67
Bank balance other than cash and cash equivalents	Note - 5	208.60	234.10
Other receivables	Note - 6	0.45	1.63
Loans	Note - 7	35,805.48	20,890.23
Other financial assets	Note - 9	631.02	362.00
Total		**43,410.33**	**24,940.92**

Notes forming part of the financial statements

as at March 31, 2023 (All amounts in ₹ millions unless otherwise stated)

44 Fair value measurement (Contd..)

Particulars	Note	As at 31 March 2023	As at 31 March 2022
Financial liabilities measured at amortised cost			
Trade payables	Note - 15	136.68	50.51
Other payables	Note - 16	-	-
Debt securities	Note - 17	1,587.05	2,281.08
Borrowings (other than debt securities)	Note - 18	31,057.90	17,613.26
Subordinated liabilities	Note - 19	2,030.58	399.16
Lease liabilities		55.47	0.67
Other financial liabilities	Note - 20	1,456.41	621.56
Total		**36,324.09**	**20,966.24**

44.2 Fair value hierarchy of assets and liabilities

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

The categories used are as follows:

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

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

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

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

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

As at March 31, 2023	Level-1	Level-2	Level-3	Total
Financial assets measured at FVTPL				
Investments in mutual funds	-	-	-	-
Investments in PTC	-	-	-	-
Investments in Debt securities	1,347.82	-	-	1,347.82
Financial assets measured at FVTOCI				
Loans	-	2,000.76	-	2,000.76

As at March 31, 2023	Level-1	Level-2	Level-3	Total
Financial assets measured at FVTPL				
Investments in mutual funds	53.59	-	-	53.59
Investments in PTC	-	225.27	-	225.27
Investments in Debt securities	-	-	-	
Financial assets measured at FVTOCI				-
Loans	-	1,209.43	-	1,209.43

Notes forming part of the financial statements

as at March 31, 2023 (All amounts in ₹ millions unless otherwise stated)

44 Fair value measurement (Contd..)

Valuation technique used to determine fair value

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

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

44.4 Fair value of financial instruments measured at amortised cost

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

Particulars	As at 31 March 2023		As at 31 March 2022	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets:				
Cash and cash equivalents	3,416.20	3,416.20	1,964.67	1,964.67
Bank balance other than cash and cash equivalents	208.60	208.60	234.10	234.10
Other receivables	0.45	0.45	1.63	1.63
Loans (measured at amortised cost)	35,805.48	36,306.33	20,890.23	21,095.83
Investments at amortised cost	-	-	-	-
Other financial assets	631.02	631.02	362.00	362.00
Total financial assets	**40,061.75**	**40,562.60**	**23,452.63**	**23,658.23**
Financial liabilities:				
Trade payables	136.68	136.68	50.51	50.51
Other payables	-	-	-	-
Debt securities	1,587.05	1,638.80	2,281.08	2,407.55
Borrowings (other than debt securities)	31,057.90	31,042.58	17,613.26	17,637.93
Subordinated liabilities	2,030.58	2,365.36	399.16	436.39
Lease liabilities	55.47	55.47	0.67	0.67
Other financial liabilities	1,456.41	1,456.41	621.56	621.56
Total financial liabilities	**36,324.09**	**36,695.30**	**20,966.24**	**21,154.61**

Valuation technique used for financial instruments measured at amortised cost

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

Financial assets at amortised cost

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

Financial liability at amortised cost

The fair value of borrowings, debt securities and subordinate liabilities are estimated using a discounted cash flow model based on contractual cash flows using actual or estimated yields.

Short term financial assets and liabilities

The fair value of cash and cash equivalents, bank balances, trade receivables, other financial assets, trade payables, other payables and other financial liabilities approximate their carrying amount largely due to the short-term nature of these instruments. The Company's loans have been contracted at market rates of interest. Accordingly, the carrying value of these approximates fair value.

Notes forming part of the financial statements

as at March 31, 2023 (All amounts in ₹ millions unless otherwise stated)

45 Risk management

Risk is an integral part of the Company's business and sound risk management is critical for the success. As a financial services entity, the Company is exposed to risks that are specific to its lending activities and the environment within which it operates and primarily includes credit, liquidity, market, currency, 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	CIFCPL is exposed to credit risk due to its risk-taking activity and is an integral part of business. CIFCPL is a lending business and focused on unsecured loans. Credit risk arising from non-payment, inadequate collection, prepayment, concentration, etc.	PAR ageing analysis, Credit Portfolio analysis.	Measures such as field credit assessment, Credit bureau checks, use of Joint Liability Group Arrangements, Key Risk Indicators, PAR Analysis, etc. For Non JLG Product, collateral monitoring is practiced.
Liquidity risk	CIFCPL is exposed to Liquidity & Liquidity mismatch risk from funds raising activities and disbursement commitment.	Cash flow forecasts	Committed borrowing and other credit facilities and sale of loan assets (whenever required) Daily Liquidity Position Monitoring.
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
Currency Risk	Forex risk results from a mismatch between assets and liabilities in a currency and their associated cashflows in respect to size and maturity. Chaitanya may borrow in foreign currency from institutions abroad and such borrowing exposes the Company to risk as loan assets are in Indian Rupees.	Such risk can be mitigated by appropriate hedging strategy or may remain open if within acceptable limit.	Chaitanya shall not maintain any open foreign currency position; all foreign currency borrowing must be adequately hedged. Chaitanya is not authorized to maintain a proprietary trading book in short-term foreign currency instruments. Any foreign currency transaction must display a clear linkage to the customer- related business.
Operational risk	CIFCPL is exposed to operational risk due to failed processes, people, systems, and external events. Including Third Party Risk and Internal/External fraud.	Assessment of Internal risk controls and maintaining risk registers	Maintaining Risk Registers, Internal Control Testing, Business continuity plans (BCP), Monitoring of Operational risk using Key Performance (KPI) and Key Risk Indicators (KRI), Third Party Risk Assessment, Insurance etc.
Information and Technology risk management	CIFCPL is exposed to Information security, Technology and Cyber risk due to nature of business and data asset and technological architecture.	IT & Technology risk assessment and monitoring	CIFCPL is having strong Information security framework, Risk Assessment for internal and external threats with respect to information assets, new products, and processes, Continuous Monitoring, Patch Management etc.
Climate change risk	CIFCPL is exposed to the Climate change risk due to its exposure in High climate risk geography.	Portfolio Monitoring	Limiting the exposure of climate risk through geographical threshold and portfolio monitoring.
Systemic Risk	External events impacting the system as a whole (industry, or economy, or both), e.g. Demonetisation, Novel Coronavirus 2019 (COVID-19)	Monitoring of external events, ageing analysis of industry data on loans, recovery trends witnessed by the sector	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

Notes forming part of the financial statements

as at March 31, 2023 (All amounts in ₹ millions unless otherwise stated)

45 Risk management (Contd..)

management process is continuously reviewed, improved and adapted in tandem with internal metamorphosis and changing external environment. The process of continuous evaluation of risk also includes taking stock of the risk landscape on an event-driven basis.

The Company has an elaborate process for risk management. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis. The Company's treasury is responsible for managing its assets and liabilities, liquidity position, and the overall financial structure. It is also primarily responsible for the funding and interest rate risks of the Company.

45.1 Credit risk

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

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

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

45.1.1 Risk identification

Credit risk may originate in one or multiple of following ways mentioned below:

- Adverse selection of members for group formation e.g. (bogus members, defaulters, negative profiles, etc.)
- Adverse selection of groups for undertaking lending activity (negative villages, migrant occupations, negative communities, , etc.)
- Gap in credit assessment of borrower's credit worthiness (Failure to collect KYC documents, verify residential address, assess income source, etc.)
- Undue Influence of Animator/Representative on group members (group leaders / political influence / middlemen influencing decisions of customers)
- Over-borrowing by customers
- Upper cap on loan ticket size
- Improper use of loan amount than the designated activity
- Over-concentration in any geography/branch/zone etc.
- Group culture and meeting discipline (e.g. timely arrival to meetings, absence of members from meetings, attendance, presence of non-members, etc.)

45.1.2 Risk assessment and measurement

The Company has a robust risk assessment framework to address each of the identified risks. The following is the framework implemented in order to ensure completeness and robustness of the risk assessment.

- Selection of client base for group formation - Adequate due diligence is carried out for selection of women borrowers who are then brought together for JLG formation. (e.g. members with homogeneous income, only one member from a family, upper cap on annual household income, etc.)

Notes forming part of the financial statements

as at March 31, 2023 (All amounts in ₹ millions unless otherwise stated)

45 Risk management (Contd..)

- Adequate training and knowledge of JLG operations
- Credit assessment -credit bureau check
- Follow up and regular monitoring with the members
- Portfolio monitoring through a centralized Risk & Analytics team

The Company assesses and manages credit risk based on internal credit grading system. Internal credit grading is performed for each class of financial instruments with different characteristics. The Company assigns the following credit grading to each class of financial assets based on the assumptions, inputs and factors specific to the class of financial assets.

(i) Low credit risk

(ii) Moderate credit risk

(iii) High credit risk

The company provides for expected credit loss based on the following:

Nature	Assets covered	Basis of expected credit loss
Low credit risk	Cash and cash equivalents (excluding cash on hand), other bank balances, investments, loans, trade receivables and other financial assets	12 month expected credit loss
Moderate credit risk	Loans and other financial assets	Life time expected credit loss
High credit risk	Loans	Life time expected credit loss

45.1.3 Risk monitoring

Monitoring and follow up is an essential element in the overall risk management framework and is taken up very seriously at all levels within the organization. Monitoring and controlling risks is primarily performed based on limits established by the Company. Borrower risk categorization is an effective tool to flag potential problems in the loan accounts and identify if any corrective action plan are to be taken. The Company regularly monitors borrower repayments and group discipline, and borrowers are accordingly categorized in low risk (eligible for next loan cycle) and high risk (not eligible for next loan cycle). However, due to retail nature of clients, poor financial literacy and cash-oriented culture, and lack of adequate credit history prevents the Company from obtaining credit bureau scores at regular intervals. Loans are tracked at a homogeneous pool basis by the Risk Team. Any deterioration in the performance of the pool are immediately pointed out to the Senior Management and detailed analysis are carried out to identify the trends in performance.

The risk monitoring metrics have been defined to track performance at each stage of the loan life cycle:

- Credit origination - KYC pendency, if any; deviation index from the defined policies and procedures
- Credit sanction - Disbursement to high risk rated groups/borrowers; Early delinquency due to fraud
- Credit monitoring - Monitoring the performance of the overdue accounts on a continuous basis, any deterioration in immediately reported out to the Senior Management and detailed analysis are carried out to identify the trends in performance and actionables.
- Portfolio at risk - The metrics provides an indication of potential losses that may arise from overdue accounts. (loans staging more than 90 days past due);
- Static pool analysis - Provides an indication about the portfolio performance vis-a-vis the vintage of the loans and helps compare performance of loans generated in different time periods
- Collection and recovery - collection efficiency, roll forward rates and roll backward rates.

Notes forming part of the financial statements

as at March 31, 2023 (All amounts in ₹ millions unless otherwise stated)

45 Risk management (Contd..)

45.1.4 Risk mitigation

Risk mitigation or risk reduction is defined as the process of reducing risk exposures and/or minimizing the likelihood of incident occurrence.

The following risk mitigation measures have been suggested at each stage of loan life cycle:

- Loan origination - site screening, independent visit by manager, adequate training to officers.
- Loan underwriting - Risk grading, independent assessment, etc.
- Loan pre and post disbursement - disbursement at the branch premises and in the bank account only, tracking to avoid misuse of funds,
- Loan monitoring - customer relation executive to attend group meeting, reminder of payment of EMIs on time, etc.
- Loan collection and recovery - monitor repayments, confirmation of balances etc.
- Appropriate policy-driven loan origination and collection process.

It is the Company's policy to ensure that a robust risk awareness is embedded in its organisational risk culture. Employees are expected to take ownership and be accountable for the risks the Company is exposed to that they decide to take on. Continuous training and development emphasizes that employees are made aware of the Company's risk appetite and they are supported in their roles and responsibilities to monitor and keep their exposure to risk within the Company's risk appetite limits. Compliance breaches and internal audit findings are important elements of employees' annual gradings and remuneration reviews.

45.1.5 Impairment assessment

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

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

Definition of default and cure

The Company considers a financial instrument as defaulted and therefore in Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes NPA as per RBI IRAC norms.

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

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

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

Grading	Description	Stages
Performing		
Standard grade - on time	No over due	Stage I
Standard grade - past due	DPD 1 to 30	Stage I
	DPD 31 to 60	Stage II
	DPD 61 to 90	Stage II
Non-performing		
Sub-standard grade	DPD > 90	Stage III

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

Notes forming part of the financial statements

as at March 31, 2023 (All amounts in ₹ millions unless otherwise stated)

45 Risk management (Contd..)

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: -

- 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

Notes forming part of the financial statements

as at March 31, 2023 (All amounts in ₹ millions unless otherwise stated)

45 Risk management (Contd..)

EAD- Exposure at Default

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

Credit risk exposure

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

As at 31 March 2023	Estimated gross carrying amount at default	Expected credit losses	Carrying amount net of impairment provision
Cash and cash equivalents	3,416.20	-	3,416.20
Bank balance other than cash and cash equivalents	208.60	-	208.60
Trade receivables	0.45	-	0.45
Investments	1,347.82	-	1,347.82
Other financial assets	658.76	(27.74)	631.02

As at 31 March 2022	Estimated gross carrying amount at default	Expected credit losses	Carrying amount net of impairment provision
Cash and cash equivalents	1,964.67	-	1,964.67
Bank balance other than cash and cash equivalents	234.10	-	234.10
Trade receivables	1.63	-	1.63
Investments	278.86	-	278.86
Other financial assets	399.12	(37.12)	362.00

45.2 Liquidity risk and funding management

In assessing the company's liquidity position, consideration shall be given to: (a) present and anticipated asset quality (b) present and future earnings capacity (c) historical funding requirements (d) current liquidity position (e) anticipated future funding needs, and (f) sources of funds. The Company maintains a portfolio of marketable assets that are assumed to be easily liquidated and undrawn cash credit limits which can be used in the event of an unforeseen interruption in cash flow. The Company also enters into securitisation deals (direct assignment as well as pass through certificates) of their loan portfolio, the funding from which can be accessed to meet liquidity needs. In accordance with the Company’s policy, the liquidity position is assessed under a variety of scenarios, giving due consideration to stress factors relating to both the market in general and specifically to the Company. Net liquid assets consist of cash, short–term bank deposits and investments in mutual fund available for immediate sale, less issued debt securities and borrowings due to mature within the next month. Borrowings from banks and financial institutions, issue of debentures and bonds are considered as important sources of funds to finance lending to customers. They are monitored using the advances to borrowings ratio, which compares loans and advances to customers as a percentage of secured and unsecured borrowings.

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

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

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

Notes forming part of the financial statements

as at March 31, 2023 (All amounts in ₹ millions unless otherwise stated)

45 Risk management (Contd..)

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

Particulars	Less than 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
Financial assets					
Cash and cash equivalents	3,416.20	-	-	-	3,416.20
Bank balance other than cash and cash equivalents	62.84	145.76	-	-	208.60
Trade Receivables	0.45	-	-	-	0.45
Loans	22,989.40	14,794.13	17.14	5.58	37,806.25
Investments	1,347.82	-	-	-	1,347.82
Other financial assets	555.00	68.70	5.12	2.20	631.02
Total undiscounted financial assets	**28,371.71**	**15,008.59**	**22.26**	**7.78**	**43,410.34**
Financial liabilities					
Trade payables	136.68	-	-	-	136.68
Other payables	-	-	-	-	-
Borrowings	20,360.06	11,935.01	499.64	1,880.82	34,675.53
Other financial liabilities	1,456.41	-	-	-	1,456.41
Lease liabilities	9.83	24.69	20.95	-	55.47
Total undiscounted financial liabilities	**21,962.98**	**11,959.70**	**520.59**	**1,880.82**	**36,324.09**
Net undiscounted financial assets/(liabilities)	**6,408.73**	**3,048.89**	**(498.33)**	**(1,873.04)**	**7,086.25**

Maturity pattern of assets and liabilities as on March 31, 2022:

Particulars	Less than 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
Financial assets					
Cash and cash equivalents	1,964.67	-	-	-	1,964.67
Bank balance other than cash and cash equivalents	121.28	22.00	90.82	-	234.10
Trade Receivables	1.63	-	-	-	1.63
Loans	13,944.27	8,058.50	82.40	14.49	22,099.66
Investments	278.86	-	-	-	278.86
Other financial assets	313.92	42.92	2.55	2.61	362.00
Total undiscounted financial assets	**16,624.63**	**8,123.42**	**175.77**	**17.10**	**24,940.92**
Financial liabilities					
Trade payables	50.51	-	-	-	50.51
Other payables	-	-	-	-	-
Borrowings	11,070.48	9,127.50	95.52	-	20,293.50
Other financial liabilities	621.56	-	-	-	621.56
Lease liabilities	0.26	0.41	-	-	0.67
Total undiscounted financial liabilities	**11,742.81**	**9,127.91**	**95.52**	**-**	**20,966.24**
Net undiscounted financial assets/(liabilities)	**4,881.82**	**(1,004.49)**	**80.25**	**17.10**	**3,974.68**

45.3 Market risk

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

Notes forming part of the financial statements

as at March 31, 2023 (All amounts in ₹ millions unless otherwise stated)

45 Risk management (Contd..)

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 year ended March 31, 2023	Effect on Statement of Profit and Loss for year ended March 31, 2022
0.50% increase	137.42	76.02
0.50% decrease	(137.42)	(76.02)

Price risk

The Company's exposure to price risk arises from investments held and classified in the balance sheet at fair value through profit or loss. To manage the price risk arising from investments, the company diversifies its portfolio of assets.

The table below summarises the impact of increases/decreases of the index on the Company's equity and profit for the period :

Particulars	Effect on Statement of Profit and Loss for year ended March 31, 2023	Effect on Statement of Profit and Loss for year ended March 31, 2022
Net asset value - 1% increase	13.48	2.79
Net asset value - 1% decrease	(13.48)	(2.79)

Notes forming part of the financial statements

as at March 31, 2023 (All amounts in ₹ millions unless otherwise stated)

45 Risk management (Contd..)

Prepayment risk

Prepayment risk is the risk that the Company will incur a financial loss because its customers and counterparties repay or request repayment earlier or later than expected, such as fixed rate mortgages when interest rates fall.

45.4 Operational and business risk

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to operate effectively, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Company cannot expect to eliminate all operational risks, but it endeavors to manage these risks through a control framework and by monitoring and responding to potential risks. Controls include effective segregation of duties, access management, authorisation and reconciliation procedures, staff education and assessment processes, such as the use of internal audit.

45.5 Information and Technology Risk Management

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

The above is in line with the RBI/DNBS/2016-17/53 Master Direction DNBS.PPD. No.04/66.15.001/2016-17.

Information and Technology Risk Management Principles:

CIFCPL will adhere to the following principles of information risk management:

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

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

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

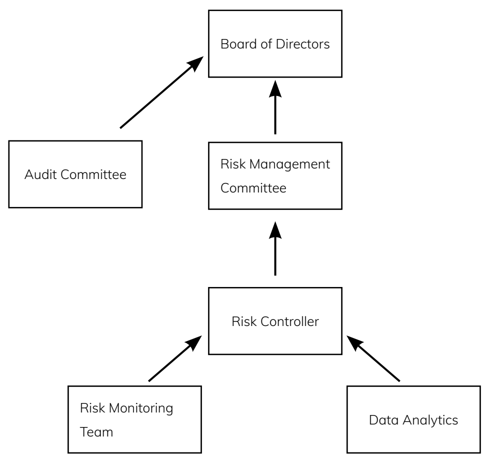
d) Authenticity - Ensuring that data, transactions, communications, or documents are genuine.

45.6 Climate Change Risk

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

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

Risk Management Structure



Notes forming part of the financial statements

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46 Segment reporting

The Company is primarily engaged in the business of financing which is considered to be the only reportable business segment as per Ind AS 108, Operating Segments. The Company operates primarily in India and there is no other geographical segment.

47 Details of CSR expenses

a. Corporate social responsibility (CSR) expenditure	For the Year ended 31 March 2023	For the year ended 31 March 2022
(i) Gross amount required to be spent by the Company during the year	6.84	2.81
(ii) Amount approved by the Board to be spent during the year		
- Direct expenses for identified projects	6.70	2.81
- Administrative expenses for projects	0.30	-
(iii) Amount spent during the period/year (in cash)		
- construction/ acquisition of any asset	-	-
- on purpose other than above	6.89	2.81
(iv) (Shortfall) / Excess at the end of the year	-	-
(v) Total of previous years shortfall	-	-
(vi) Reason for shortfall:		
(vii) Details of related party transactions	-	-
(viii) Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year should be shown separately	-	-
- Health/Eradicating Hunger/Poverty and malnutrition/Safe Drinking water/ Sanitation/Promoting Education/Training	6.89	2.81

Key CSR activities undertaken by the Company in FY2022-23 are (1) Providing basic safe drinking water facilities at schools and police stations (2) Extending support during natural calamities (3) Empowering rural youth through skills development.

48 Credit rating

Instruments	Credit rating agency	Date of Rating	Current Rating	Previous Rating	Borrowing Limit	Date of expiry of rating
Non convertible debentures	India Rating and Research Pvt. Ltd.	21-10-2022	IND A/Stable	IND A/ Stable	1,000	20-10-2023
Non convertible debentures	India Rating and Research Pvt. Ltd.	21-10-2022	IND A/Stable	IND A/ Stable	500	20-10-2023
Principal Protected Market Linked Debenture	India Rating and Research Pvt. Ltd.	21-10-2022	IND PP-MLDAemr/ Stable	IND PP-MLDAemr/ Stable	500	20-10-2023
Commercial paper	India Rating and Research Pvt. Ltd.	21-10-2022	IND A1	IND A1	2,000	20-10-2023
Subordinated Debt	India Rating and Research Pvt. Ltd.	21-10-2022	IND A1	NA	2,000	20-10-2023
Bank Lines	CRISIL	24-03-2023	CRISIL A	CRISIL A-	27,000	23-03-2024
Non convertible debentures	CRISIL	24-03-2023	CRISIL A	CRISIL A-	500	23-03-2024
Non convertible debentures	CRISIL	24-03-2023	CRISIL A	CRISIL A-	150	23-03-2024
Non convertible debentures	CRISIL	24-03-2023	CRISIL A	CRISIL A-	50	23-03-2024
Non convertible debentures	CRISIL	24-03-2023	CRISIL A	CRISIL A-	150	23-03-2024
Commercial paper	CARE	23-01-2023	CARE A1	NA	2,000	22-01-2024
Non convertible debentures	CARE	17-03-2021	CARE A (CE) Stable	NA	500	30-03-2025

Notes forming part of the financial statements

as at March 31, 2023 (All amounts in ₹ millions unless otherwise stated)

49 Capital adequacy ratio

Particulars	As at 31 March 2023	As at 31 March 2022
i) CRAR (%)	**22.34%**	**17.38%**
ii) CRAR - Tier I Capital (%)	16.01%	15.87%
iii) CRAR - Tier II Capital (%)	6.33%	1.52%
iv) Amount of subordinated debt raised as Tier-II capital*	2,030	60
v) Amount raised by issue of Perpetual Debt Instruments	-	-

* Discounted value of ₹ 2,030 millions (March 31, 2022: ₹ 60 millions) considered for Tier II capital against the book value of ₹ 2,150 millions (March 31, 2022: ₹ 400 millions).

50 Investments

Particulars	As at 31 March 2023	As at 31 March 2022
(1) Value of investments		
(i) Gross value of investments	1,347.82	278.86
(a) In India	1,347.82	278.86
(b) Outside India	-	-
(ii) Impairment provisions on investments		
(a) In India	-	-
(b) Outside India	-	-
(iii) Net value of investments	1,347.82	278.86
(a) In India	1,347.82	278.86
(b) Outside India	-	-
(2) Movement of impairment provisions on investments		
(i) Opening balance	-	0.01
(ii) Add : Provisions made during the year	-	-
(iii) Less : Write-off/write-back of excess provisions during the year	-	(0.01)
(iv) Closing balance	-	-

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

Details of financial assets sold to securitisation

Sr. No.	Particulars	As at 31 March 2023	As at 31 March 2022
1	No. of SPEs holding assets for securitisation transactions originated by originator (only the SPVs relating to outstanding securitization exposures to be reported here)	1.00	-
2	Total amount of securitised assets as per books of the SPEs	408.40	-
3	Total amount of exposures retained by the originator to comply with MRR as on the date of balance sheet		
	a) Off-balance sheet exposures		
	· First Loss	-	-
	· Others	-	-

Notes forming part of the financial statements

as at March 31, 2023 (All amounts in ₹ millions unless otherwise stated)

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

Sr. No.	Particulars	As at 31 March 2023	As at 31 March 2022
	b) On-balance sheet exposures		
	· First Loss	38.06	-
	· Others	88.80	-
4	Amount of exposures to securitisation transactions other than MRR		
	a) Off-balance sheet exposures		
	i) Exposure to own securitisations		
	· First Loss	-	-
	· Others	-	-
	ii) Exposure to third party securitisations		
	· First Loss	-	-
	· Others	-	-
	b) On-balance sheet exposures		
	i) Exposure to own securitisations		
	· First Loss	-	-
	· Others	-	-
	ii) Exposure to third party securitisations		
	· First Loss	-	-
	· Others	-	-
5	Sale consideration received for securitised assets and gain/loss on sale on account of securitisation	545.51	-
6	Form and quantum (outstanding value) of services provided by way of, liquidity support, post-securitisation asset servicing, etc.	-	-
7	Performance of facility provided. Please provide separately for each facility viz. credit enhancement, liquidity support, servicing agent, etc. Mention bracket as of total value of facility provided.	-	-
	a) Amount paid	-	-
	b) Repayment received	-	-
	c) Outstanding amount	38.06	-
8	Average default rate of portfolios observed in the past. Please provide breakup separately for each asset class i.e. RMBS, Vehicle loans, etc	-	-
9	Amount and number of additional/top up loan given on same underlying asset. Please provide breakup separately for each asset class i.e. RMBS, Vehicle loans, etc	NIL	NA
10	Investor complaints (a) Directly/ Indirectly received and (b) Complaints outstanding	NIL	NA

Notes forming part of the financial statements

as at March 31, 2023 (All amounts in ₹ millions unless otherwise stated)

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

51.1 Details of assignment transactions undertaken by the Company

The Company has assigned loans by way of direct assignment. As per the terms of these deals, since substantial risk and rewards related to these assets were transferred to the extent of 85% - 90% of the assets transferred to the buyer, the assets have been de-recognised from the Company's Balance Sheet. The table below summarises the carrying amount of the derecognised financial assets measured at fair value and the gain/(loss) on derecognition during the year:

Sr. No.	Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
1	Number of Loans	5,97,452	2,20,390
2	Aggregate amount	16,403.14	6,411.73
3	Sale consideration	14,410.95	5,594.08
4	Number of Transactions	14	4
5	Weighted average remaining Maturity(In months)	16	16
6	Weighted average holding period after Origination(In months)	7	8
7	Retention of beneficial economic interest	10% - 15%	10% - 15%
8	Coverage of tangible Security Coverage	-	-
9	Rating wise distribution of rated loans	-	-
10	Number of instances (transactions) where transferred as agreed to replace the transferred loans	-	-
11	Number of transferred loans replaced	-	-

Note:

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

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

iii) The Company has not acquired any stressed loan.

51.2 Details of non-performing financial assets purchased/sold

Particulars		For the year ended March 31, 2023	For the year ended March 31, 2022
i)	No. of accounts	-	-
ii)	Total amount outstanding	-	-

Note: The Company has neither sold nor purchased non-performing financial assets during the year ended March 31, 2023 and March 31, 2022.

51.3 Details of financial assets sold to securitisation/reconstruction company for asset reconstruction

The Company has not sold any financial assets to Securitisation/Reconstruction Company for asset reconstruction during the year ended March 31, 2023 and March 31, 2022.

Notes forming part of the financial statements

as at March 31, 2023 (All amounts in ₹ millions unless otherwise stated)

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

Particulars	Upto 7 days	Over 08 days upto 14 days	Over 15 days upto 1 month	Over 1 month upto 2 months	Over 2 months upto 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
Borrowings	268.10	367.01	1,062.41	2,040.62	1,621.47	5,391.79	9,608.67	11,935.00	499.64	1,880.82	34,675.53
Loans	450.13	448.41	1,094.29	2,042.42	2,000.56	5,834.65	11,118.94	14,794.12	17.14	5.58	37,806.24
Investments	-	510.99	708.53	128.30	-	-	-	-	-	-	1,347.82

Asset liability management maturity pattern of certain items of assets and liabilities as at March 31, 2022

Particulars	Upto 7 days	Over 08 days upto 14 days	Over 15 days upto 1 month	Over 1 month upto 2 months	Over 2 months upto 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
Borrowings	242.08	310.82	725.73	964.48	708.04	2,780.03	5,339.30	9,127.50	95.52	-	20,293.50
Loans *	350.64	298.80	624.31	1,201.20	1,254.82	3,718.37	6,496.13	8,058.50	82.40	14.49	22,099.66
Investments	53.59	-	32.31	31.08	32.12	99.83	29.93	-	-	-	278.86

Note:

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

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

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

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

53 Exposure to real estate sector

Particulars	As at 31 March 2023	As at 31 March 2022
A. Direct exposure		
i) **Residential mortgages**	24.69	46.80
(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
B. Indirect Exposure		
Fund based and non-fund-based exposures on National Housing Bank and Housing Finance Companies.	Nil	Nil
Total Exposure to Real Estate Sector	**24.69**	**46.80**

Notes forming part of the financial statements

as at March 31, 2023 (All amounts in ₹ millions unless otherwise stated)

54 Exposure to capital market

The Company does not have any exposure to capital market as at March 31, 2023 and March 31, 2022.

55 Sectoral Exposure

Particulars	As at March 31, 2023			As at March 31, 2022		
	Total Exposure (includes on balance sheet and off-balance sheet exposure)	Gross NPA	Percentage of Gross NPAs to total exposure in that sector	Total Exposure (includes on balance sheet and off-balance sheet exposure)	Gross NPA	Percentage of Gross NPAs to total exposure in that sector
1. Agriculture and Allied Activities	32,601.38	111.27	0.34%	19,593.24	229.40	1.17%
2. Industry	-	-	0.00%	-	-	0.00%
3. Services	2,284.78	3.06	0.13%	891.61	7.25	0.81%
4. Personal Loans	1,841.72	39.12	2.12%	1,113.24	79.60	7.15%
5. Others						
(i) Corporate Borrowers	-	-	0.00%	-	-	0.00%
(ii) Others	12,373.96	24.37	0.20%	4,945.86	59.04	1.19%

56 Intra-group exposures

The Company has no intra-group exposure for the year ended March 31, 2023 and March 31, 2022.

57 Unhedged foreign currency exposure

The Company has no unhedged foreign currency exposure for the year ended March 31, 2023 and March 31, 2022.

58 Details of financing of parent company products

The Company has not financed parent company products for the year ended March 31, 2023 and March 31, 2022.

59 Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the Company

The Company does not have single or group borrower lending exceeding the limits during the year ended March 31, 2023 and March 31, 2022.

60 Unsecured advances

The Company has not extended any advances where the collateral is an intangible asset such as a charge over rights, licenses, authorisations, etc. The unsecured advances of ₹ 38375.95 millions (March 31, 2022: ₹ 22518.19 millions) disclosed in Note 7 are without any collateral or security.

61 Registration obtained from other financial sector regulators:-

The Company is registered with the following other financial sector regulators:

(a) Ministry of Corporate Affairs (MCA)

(b) Ministry of Finance (Financial Intelligence Unit)

(c) Central Registry of Securitisation Asset Reconstruction and Security Interest of India (CERSAI)

62 Related party transactions

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

Notes forming part of the financial statements

as at March 31, 2023 (All amounts in ₹ millions unless otherwise stated)

63 Provisions and contingencies

Asset Classification as per RBI Norms March 31, 2023	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
1	2	3	4	5=3-4	6	7 = 4-6
Performing assets						
Standard	Stage 1	38,264.01	494.83	37,769.18	384.13	110.70
	Stage 2	34.23	14.60	19.63	0.34	14.26
Subtotal		**38,298.24**	**509.43**	**37,788.81**	**384.47**	**124.96**
Non-Performing assets (NPA)						
Substandard	Stage 3	68.68	55.59	13.09	0.69	54.90
Doubtful - up to 1 year	Stage 3	22.71	18.89	3.82	0.23	18.66
1 to 3 years	Stage 3	9.83	9.32	0.51	0.10	9.22
More than 3 years	Stage 3	5.99	5.99	0.00	0.06	5.93
Subtotal for doubtful		38.54	34.20	4.34	0.39	33.81
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		**107.22**	**89.79**	**17.43**	**1.07**	**88.73**
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		-	-	-	-	-
Total	Stage 1	38,264.01	494.83	37,769.18	384.13	110.70
	Stage 2	34.23	14.60	19.63	0.34	14.26
	Stage 3	107.22	89.79	17.43	1.07	88.72
	Total	**38,405.46**	**599.22**	**37,806.24**	**385.54**	**213.68**

Asset Classification as per RBI Norms March 31, 2022	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
1	2	3	4	5=3-4	6	7 = 4-6
Performing assets						
Standard	Stage 1	22,115.81	213.85	21,901.96	221.56	(7.71)
	Stage 2	166.45	57.28	109.17	1.66	55.62
Subtotal		**22,282.26**	**271.13**	**22,011.13**	**223.22**	**47.91**
Non-Performing assets (NPA)						
Substandard	Stage 3	238.33	164.11	74.22	2.39	161.73
Doubtful - up to 1 year	Stage 3	42.34	29.25	13.09	0.42	28.82
1 to 3 years	Stage 3	8.32	7.42	0.90	0.08	7.34
More than 3 years	Stage 3	4.72	4.40	0.32	0.05	4.35
Subtotal for doubtful		**55.38**	**41.07**	**14.31**	**0.55**	**40.51**

Notes forming part of the financial statements

as at March 31, 2023 (All amounts in ₹ millions unless otherwise stated)

63 Provisions and contingencies (Contd..)

Asset Classification as per RBI Norms March 31, 2022	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
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		293.71	205.18	88.53	2.94	202.25
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		**-**	**-**	**-**	**-**	**-**
Total	Stage 1	22,115.81	213.85	21,901.96	221.56	(7.71)
	Stage 2	166.45	57.28	109.17	1.66	55.62
	Stage 3	293.71	205.18	88.53	2.94	202.24
	Total	**22,575.97**	**476.31**	**22,099.66**	**226.15**	**250.16**

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

63.1 Provisions and contingencies

Break up of 'Provisions and contingencies' shown under the head expenditure in the Statement of Profit and Loss	For the year ended 31 March 2023	For the year ended 31 March 2022
Provision towards NPA	(115.39)	(178.98)
Provision for standard assets	238.30	(11.64)
Provision made towards income tax	446.64	96.17
Other Provision and contingencies (with details)		
i) Provision for gratuity*	23.46	13.68
ii) Provision for compensated absences*	27.25	9.76
iii) Provision for incentive	108.27	34.04
iv) Provision for statutory bonus	127.93	67.32
v) Provision for fraud	(0.01)	(0.10)
vi) Provision for other receivables	(3.16)	14.51

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

64 Draw down from reserves

There has been no draw down from reserve during the year ended March 31, 2023 and March 31, 2022.

65 Gold Loans

The company has no loans outstanding for the year ended March 31, 2023 and March 31, 2022 against gold.

Notes forming part of the financial statements

as at March 31, 2023 (All amounts in ₹ millions unless otherwise stated)

66 Concentration of deposits, advances, exposures and NPAs

66.1 Concentration of advances

Particulars	As at 31 March 2023	As at 31 March 2022
Total advances to twenty largest borrowers	6.21	7.54
Percentage of advances to twenty largest borrowers to total advances of the NBFC	0.02%	0.03%

66.2 Concentration of exposures

Particulars	As at 31 March 2023	As at 31 March 2022
Total exposure to twenty largest borrowers/customers	6.21	7.54
Percentage of exposures to twenty largest borrowers/customers to total exposure of the NBFC borrowers/customers	0.02%	0.03%

66.3 Concentration of NPAs

Particulars	As at 31 March 2023	As at 31 March 2022
Total exposure to top four NPA accounts	1.49	1.52

67 Movement of NPAs

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
(i) Net NPAs to net advances (%)	0.05%	0.40%
(ii) Movement of NPAs (Gross)		
(a) Opening balance	293.71	491.41
(b) Additions during the year	119.17	315.87
(c) Reductions during the year	(305.66)	(513.57)
(d) Closing balance	**107.22**	**293.71**
(iii) Movement of Net NPAs		
(a) Opening balance	88.53	107.25
(b) Additions during the year	96.98	272.27
(c) Reductions during the year	(168.08)	(290.99)
(d) Closing balance	**17.43**	**88.53**
(iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
(a) Opening balance	205.18	384.16
(b) Provisions made during the year	22.19	43.60
(c) (Write-off)/write-back of excess provisions	(137.58)	(222.58)
(d) Closing balance	**89.79**	**205.18**

Notes forming part of the financial statements

as at March 31, 2023 (All amounts in ₹ millions unless otherwise stated)

68 Disclosure as required by Para 19 of Non-Banking Financial Company – systemically important non-deposit taking Company and deposit taking Company (Reserve Bank) Directions, 2016 is as under:

Particulars	As at 31 March 2023		As at 31 March 2022	
	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				
: Secured	1,099.12	-	2,305.22	-
: Unsecured	515.63	-	50.00	-
(other than falling within the meaning of Public deposits)				
(b) Deferred credits	-	-	-	-
(c) Term loans	30,637.84	-	17,645.35	-
(d) Inter-corporate loans and borrowing	-	-	-	-
(e) Commercial paper	147.15	-	-	-
(f) Public deposits	-	-	-	-
(g) Other loans:				
Other unsecured loans against assets of the Company	2,033.65	-	399.16	-
Secured loans against assets of the Company	319.14	-	-	-
Overdraft facility	-	-	-	-
2 Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):				
(a) In the form of unsecured debentures	-	-	-	-
(b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	-	-	-	-
(c) Other public deposits	-	-	-	-

Assets side :	As at 31 March 2023 Outstanding	As at 31 March 2022 Outstanding
3 Break-up of Loans and advances including bills receivables (other than those included in (4) below) :		
(a) Secured	29.51	57.77
(b) Unsecured	38,375.95	22,518.19
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	-	-

Notes forming part of the financial statements

as at March 31, 2023 (All amounts in ₹ millions unless otherwise stated)

68 Disclosure as required by Para 19 of Non-Banking Financial Company – systemically important non-deposit taking Company and deposit taking Company (Reserve Bank) Directions, 2016 is as under: (Contd..)

Assets side :	As at 31 March 2023 Outstanding	As at 31 March 2022 Outstanding
(III) Other loans counting towards AFC activities	-	-
(a) Loans where assets have been repossessed	-	-
(b) Loans other than (a) above	-	-
5 Break-up of Investments :		
Current Investments :		
1. Quoted :		
(I) Shares :	-	-
(a) Equity	-	-
(b) Preference	-	-
(II) Debentures and bonds	1,347.82	-
(III) Units of mutual funds	-	53.59
(IV) Government securities	-	-
(V) Others (please specify)	-	-
2. Unquoted :		
(I) Shares :	-	-
(a) Equity	-	-
(b) Preference	-	-
(II) Debentures and bonds	-	-
(III) Units of mutual funds	-	-
(IV) Government securities	-	-
(V) Others (please specify)*	-	225.27
(a) Certificate of deposit	-	-
(b) Commercial paper	-	-
Long Term Investments :		
1. Quoted :		
(I) Shares :	-	-
(a) Equity	-	-
(b) Preference	-	-
(II) Debentures and bonds	-	-
(III) Units of mutual funds	-	-
(IV) Government securities	-	-
(V) Others (please specify)	-	-
2. Unquoted :		
(I) Shares :		
(a) Equity	-	-
(b) Preference	-	-
(II) Debentures and bonds	-	-
(III) Units of mutual funds	-	-
(IV) Government securities	-	-
(V) Others (please specify)	-	-

Notes forming part of the financial statements

as at March 31, 2023 (All amounts in ₹ millions unless otherwise stated)

68 Disclosure as required by Para 19 of Non-Banking Financial Company – systemically important non-deposit taking Company and deposit taking Company (Reserve Bank) Directions, 2016 is as under: (Contd..)

68.1 Borrower group-wise classification of assets financed:

Category	As at 31 March 2023				As at 31 March 2022			
	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	29.51	38,375.95	(599.22)	37,806.24	57.77	22,518.19	(476.31)	22,099.65
Total	**29.51**	**38,375.95**	**(599.22)**	**37,806.24**	**57.77**	**22,518.19**	**(476.31)**	**22,099.65**

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

Category	As at 31 March 2023		As at 31 March 2022	
	Market value/ Breakup or fair value or NAV	Market value/ Breakup or fair value or NAV	Market value/ Breakup or fair value or NAV	Market value/ Breakup or fair value or NAV
1. Related parties				
(a) Subsidiaries	-	-	-	-
(b) Companies in the same group	128.53	128.53	53.59	53.59
(c) Other related parties	-	-	-	-
2. Other than related parties	1,219.29	1,219.29	225.27	225.27
Total	**1,347.82**	**1,347.82**	**278.86**	**278.86**

68.3 Other information

Category	As at 31 March 2023	As at 31 March 2022
(i) Gross Non-Performing assets		
(a) Related parties	-	-
(b) Other than related parties	107.22	293.70
(ii) Net Non-Performing assets		
(a) Related parties	-	-
(b) Other than related parties	17.43	88.51

69 Public disclosure on Liquidity risk management

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

As at March 31, 2023

Number of significant counterparties	Amount	% of Total Deposit	% of Total Liabilities
28	31,350.64	-	85.47%

Notes forming part of the financial statements

as at March 31, 2023 (All amounts in ₹ millions unless otherwise stated)

69 Public disclosure on Liquidity risk management (Contd..)

As at March 31, 2022

Number of significant counterparties	Amount	% of Total Deposit	% of Total Liabilities
27	18,844.20	-	89.02%

b) Top 20 large deposits (amount in ₹ lakhs and % of total deposits)

The Company being a Systemically Important Non-Deposit taking Non-Banking Financial Company registered with Reserve Bank of India does not accept public deposits.

c) Top 10 borrowings (amount in ₹ lakhs and % of total borrowings)

As at March 31, 2023

Amount	% of Total Borrowings
19,302.90	55.67%

As at March 31, 2022

Amount	% of Total Borrowings
12,046.46	59.36%

d) Funding concentration based on significant instrument / product

Name of the instrument/ product	As at March 31, 2023	% of Total Liabilities	As at March 31, 2022	% of Total Liabilities
Term loans from Banks	26,874.90	73.27%	13,864.07	65.49%
Term Loans from Financial Institutions	3,718.57	10.14%	3,749.19	17.71%
Non Convertible debentures	1,587.05	4.33%	2,281.08	10.78%
Subordinated Liabilities	2,030.57	5.54%	399.16	1.89%
Commercial Paper	146.38	0.40%	-	0.00%
Borrowings under Securitization arrangement	318.05	0.87%	-	0.00%

e) Stock Ratios

As at March 31, 2023

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

As at March 31, 2022

Particulars	as a % of total public funds*	as a % of total liabilities*	as a % of total assets
Commercial papers	-	-	-
Non-convertible debentures (original maturity of less than one year)	-	-	-
Other short-term liabilities	5.02%	0.27%	0.23%

Notes forming part of the financial statements

as at March 31, 2023 (All amounts in ₹ millions unless otherwise stated)

69 Public disclosure on Liquidity risk management (Contd..)

f) Institutional set-up for liquidity risk management

Board of Directors: The Board has the overall responsibility for management of liquidity risk. The Board shall decide the strategy, policies and procedures to manage liquidity risk in accordance with the liquidity risk tolerance/limits decided by it.

Risk Management Committee: The Risk Management Committee is responsible for evaluating the overall risks faced by the NBFC including liquidity risk.

Asset-Liability Management Committee (ALCO): The ALCO ensures adherence to the risk tolerance/limits set by the Board as well as implements the liquidity risk management strategy of the NBFC.

***Notes**

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

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

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

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

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

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

Particulars	As at 31 March 2023	As at 31 March 2022
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year.	0.17	-
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.	-	-

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

The Company does not have any joint venture or subsidiary abroad as on March 31, 2023 and March 31, 2022.

72 Off-balance sheet SPVs sponsored (which are required to be consolidated as per accounting norms)

The Company has not sponsored any off-balance sheet SPVs as at March 31,2023 and March 31, 2022.

Notes forming part of the financial statements

as at March 31, 2023 (All amounts in ₹ millions unless otherwise stated)

73 Customer complaints

Particulars	For the y ear ended 31 March 2023	For the year ended 31 March 2023
Complaints received from its customers		
1) Number of complaints pending at the beginning of the year	7	2
2) Number of complaints received during the year	578	556
3) Number of complaints disposed during the year	585	551
- Out of which, number of complaints rejected	-	-
4) Number of complaints pending at the end of the year	-	7
Maintainable complaints received from Office of Ombudsman		
5) Number of maintainable complaints received from Office of Ombudsman	2	2
- number of complaints resolved in favour of the Company by Office of Ombudsman		
- number of complaints resolved through conciliation/mediation/advisories issued by Office of Ombudsman	2	2
- number of complaints resolved after passing of Awards by Office of Ombudsman against the Company	-	-
6) Number of Awards unimplemented within the stipulated time (other than those appealed)	-	-

Grounds of complaints	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/ decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 day
1	2	3	4	5	6
	For the year endedMarch 31, 2023				
Insurance claim settlement	6	274	16%	0	0
Digital Transactions	0	92	56%	0	0
CB Report	1	85	-44%	0	0
Recovery Practices	0	70	67%	0	0
Discourteous	0	17	NA	0	0
Others	0	40	-38%	0	0
Total	**7**	**578**		**0**	**0**
	For the year ended March 31, 2022				
Insurance claim settlement	0	237	254%	6	0
Digital Transactions	0	59	-58%	0	0
CB Report	1	153	5%	0	0
Recovery Practices	0	42	250%	0	0
Loan	1	30	NA	1	0
Others	0	35	124%	0	0
Total	**2**	**556**		**7**	**0**

Notes forming part of the financial statements

as at March 31, 2023 (All amounts in ₹ millions unless otherwise stated)

74 Information on instances of fraud

Instances of fraud reported for the year ended March 31, 2023:

Nature of fraud	No. of cases	Amount of fraud	Recovery	Amount Provided
Fraud committed by staff	2	1.47	0.48	0.90
Fraud committed by other than staff - Theft	14	1.07	0.44	0.63

Instances of fraud reported for the year ended March 31, 2022:

Nature of fraud	No. of cases	Amount of fraud	Recovery	Amount Provided
Fraud committed by staff	13	0.14	0.10	0.05
Fraud committed by other than staff - Theft	2	0.22	0.03	0.19

75 Details of resolution plans implemented under the resolution Framework for Covid-19 related stress as per RBI circular dated August 6, 2020 (Resolution Framework 1.0) and May 05, 2021 (Resolution Framework 2.0) as at March 31, 2023

Type of borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of the previous half-year i.e., September 30, 2022	Of (A), aggregate debt that slipped into NPA during the half-year ender March 31, 2023	Of (A) amount written off during the half-year March 31, 2023	Of (A) amount paid by the borrowers during the half-year March 31, 2023	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of this half-year i.e., March 31, 2023
Personal Loans*	46.75	2.39	0.89	42.83	0.64
Others	-	-	-	-	-

* Includes Joint Liability Group loan (JLG)

76 Analytical Ratios

Ratios	Numerator	Denominator	As at March 31, 2023	As at March 31, 2022	% Variance	Reason for variance
Capital to risk-weighted assets ratio (CRAR)	8,844.12	39,590.20	22.34%	17.38%	28.51%	#
Tier I CRAR	6,338.28	39,590.20	16.01%	15.87%	0.90%	@
Tier II CRAR	2,505.85	39,590.20	6.33%	1.52%	317.47%	*

Due to increase in Tier II capital.

@ Equity infusion of ₹ 416.67 millions and Securities premium of ₹ 1333.33 millions in current financial year.

* In current financial year the Company raised ₹ 2,000 millions subordinated debt.

Notes forming part of the financial statements

as at March 31, 2023 (All amounts in ₹ millions unless otherwise stated)

77 Penalties and Strictures

The Company had paid the following Penalties levied by regulatory authorities during year ended March 31, 2023.

Ministry of Corporate Affairs levied fine of ₹ 0.1 Million for the contravention of the provisions of Section 161 of the Companies Act, 2013. The Company omitted to appoint Mr. Sachin Bansal as Additional Director before appointing him as the Managing Director.

No penalties have been levied by any other regulator on the Company during the year ended March 31, 2022.

78 With reference to RBI Notification no: RBI/2022-23/29/DOR.CRE.REC.No.25/03.10.001/2022-23, no loans and advances were given to Directors and their relatives, Entities associated with directors and their relatives, Senior officers and their relatives during the year ended March 31, 2023.

79 Additional Disclosures as per Schedule III of the Companies Act, 2013

a) The company recorded all transactions and there is no additional surrendered or disclosed income during the year in the tax assessments under the Income Tax Act. 1961. There is no such income which was previously unrecorded, but subsequently recorded in the books of accounts during the year.

b) There are no transactions with struck off companies during the year ended March 31, 2023 and March 31, 2022.

c) The Company has not traded or invested in Crypto currency or Virtual currency during the year ended March 31, 2023 and March 31, 2022.

d) The Company does not have any Benami property. No proceedings have been initiated or are pending against the Company for holding any Benami property.

e) The Company has not been declared a wilful defaulter by any bank or financial institution or other lender.

f) There are no charges or satisfaction which are yet to be registered with Registrar of Companies (ROC) beyond the statutory period.

g) Utilisation of Borrowed funds and share premium:

(A) The Company has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall -

(i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or

(ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries;

(B) The company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the company shall

(i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

(ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

h) The Company has not deviated in any compliance with the requirements of Companies Act, 2013, including with respect to compliance with accounting standards.

Notes forming part of the financial statements

as at March 31, 2023 (All amounts in ₹ millions unless otherwise stated)

80 Previous year comparatives

Figures of the previous period have been regrouped, wherever necessary, to conform to the classification / disclosure adopted in the current year.

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

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

Sachin Bansal
Managing Director and CEO
DIN: 02356346
Bengaluru
24.05.2023

Ankit Agarwal
Director and Deputy CEO
DIN : 08299808
Bengaluru
24.05.2023

Anand Rao
Joint Managing Director
DIN: 01713987
Bengaluru
24.05.2023

Georgy Mathew
Partner
Membership No. 209645
Bengaluru
24.05.2023

Abhik Sarkar
Chief Financial Officer
Bengaluru
24.05.2023

Anup Kumar Gupta
Company Secretary
Siliguri, West Bengal
24.05.2023

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT THE 14TH ANNUAL GENERAL MEETING OF THE MEMBERS OF CHAITANYA INDIA FIN CREDIT PRIVATE LIMITED WILL BE HELD ON FRIDAY, SEPTEMBER 15, 2023 AT 10.00 A.M. AT THE REGISTERED OFFICE OF THE COMPANY SITUATED AT 8TH FLOOR, BLOCK-B, BRIGADE SOFTWARE PARK, 27TH CROSS, BANASHANKARI, 2ND STAGE BENGALURU - 560 070, KARNATAKA, INDIA TO TRANSACT THE FOLLOWING BUSINESS:

ORDINARY BUSINESS:

1 **TO RECEIVE, CONSIDER AND ADOPT THE AUDITED FINANCIAL STATEMENTS OF THE COMPANY FOR THE FINANCIAL YEAR ENDED MARCH 31, 2023, TOGETHER WITH THE REPORTS OF THE BOARD OF DIRECTORS AND THE STATUTORY AUDITOR THEREON.**

To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution:**

"**RESOLVED THAT** the Audited Financial Statements of the Company for the financial year ended March 31, 2023, consisting of the audited Balance Sheet, Statement of Profit & Loss Account, Cash flow Statement, Statement of Changes in Equity and Notes forming part of Financial Statements, as circulated to the shareholders, and now laid before the meeting be and are hereby approved and adopted.

RESOLVED FURTHER THAT the Statutory Auditor's Report as received from M/s Varma and Varma, Chartered Accountants and the Report of the Board of Directors on the Annual Accounts of the Company for the financial year ended March 31, 2023, as circulated to the shareholders, and now laid before the meeting be and are hereby approved and adopted.

RESOLVED FURTHER THAT any director of the Company be and is hereby authorized to issue a copy of this resolution as certified true copy to the relevant authorities."

2 **TO APPOINT A DIRECTOR IN PLACE OF MR. ANKIT AGARWAL (DIN: 08299808) WHO RETIRES BY ROTATION AND BEING ELIGIBLE, OFFERS HIMSELF FOR RE-APPOINTMENT.**

To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution:**

"**RESOLVED THAT** Mr. Ankit Agarwal (DIN: 08299808), who retires in terms of section 152 of the Companies Act, 2013 and being eligible, offers himself for re-appointment as Director of the Company, be and is hereby appointed as the Director".

SPECIAL BUSINESS:

3. **TO CONSIDER AND APPROVE THE ALTERATION TO THE ARTICLES OF ASSOCIATION (AOA)**

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

"**RESOLVED THAT** pursuant to the provisions of Section 14 and other applicable provisions, if any, of the Companies Act, 2013, (including any statutory modification(s) and re-enactment(s) thereof for the time being in force) and the rules framed thereunder, the consent of the members be and is hereby accorded to insert the following in the Articles of Association.

Article 2: Definition

d(i). "**Debentures**" *means a debenture within the meaning of sub-section (30) of section 2 of the Companies Act, 2013*

d(ii). "**Debenture Trustee**" *means a trustee appointed in respect of any issue of debentures of a body corporate.*

Article 38A:

Notwithstanding anything to the contrary contained in these Articles, pursuant to Regulation 23(6) read along with Regulation 2(1)(r) of Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 ("NCS Regulations"), a debenture trustee has the right to nominate any person to be appointed on the Board of the Company in terms of clause (e) of sub-regulation (1) of regulation 15 of the Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993 and such nominated person shall be appointed as a Director on the Board of Directors of the Company, at the earliest and not later than one month from the date of receipt of a nomination from the debenture trustee(s).

"**RESOLVED FURTHER THAT** Mr. Anand Rao, Director (DIN: 01713987) or Mr. Anup Kumar Gupta, Company Secretary of the company be and are hereby severally authorized to file, sign, verify and execute all such e-forms, papers or documents, as may be required and do all such acts, deeds, matters and things as may be necessary and incidental for giving effect to this Resolution."

By Order of the Board
For **Chaitanya India Fin Credit Private Limited**

Anand Rao
Joint Managing Director
DIN: 01713987

Date: August 11, 2023
Place: Bengaluru

Notes:

1. A Member entitled to attend and vote at the Annual General Meeting is entitled to appoint proxy/proxies to attend the meeting and vote on poll, if any, instead of himself/herself and such a proxy/ proxies need not be a member of the Company.

2. Proxies, in order to be effective, must be received on the enclosed Proxy Form by the Company at its Registered Office not less than forty-eight hours before the time fixed for the meeting.

3. In terms of Section 105 of the Companies Act, 2013 read with Rule 19 of the Companies (Management and Administration) Rules, 2014 a person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the company carrying voting rights. A member holding more than ten percent of the total share capital of the company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other shareholder.

4. Members are requested to notify the company immediately regarding any change in their address.

5. Corporate members are requested to send duly certified copies of the Board Resolution authorizing their representative to attend and vote on their behalf at the meeting in terms of Section 113 of the Companies Act, 2013.

6. Relevant documents referred to in the accompanying Notice and the Explanatory Statement are open for inspection by the members at the Registered Office of the Company during normal business hours (09.30 a.m. to 5.30 p.m.) on all working days between Monday to Saturday (except 2nd, 3rd and 4th Saturday of the month) of every week, up to and including the date of the Annual General Meeting of the Company.

7. Members may also note that the Notice of the Fourteenth Annual General Meeting and Annual Report for the year ended March 31, 2023, will also be available on the Company website at https://www.chaitanyaindia.in/investor-relations

8. The relevant Explanatory statement pursuant to Section 102 of the Companies Act, 2013, in respect of business item No. 3 as given in the Notice is annexed hereto.

9. The route map to the venue of the meeting is enclosed herewith.

Route Map: http://www.chaitanyaindia.in/contact-us.php

Annexure to Notice

Explanatory Statement Pursuant to Section 102 of the Companies Act, 2013

ITEM NO. 3

Regulation 23(6) read along with Regulation (2)(1)(r) of Securities and Exchange Board of India (Issue and listing of Non-Convertible Securities) Regulations, 2021 ("NCS Regulations") requires the Articles of Association (AoA) of an Issuer to include provisions with respect to the requirement for the Board of Directors to appoint such person nominated by the Debenture Trustees in terms of Regulation 15(1)(e) of the Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993.

As per Regulation 15(1)(e) of the Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993, a debenture trustee has the right to nominate any person to be appointed on the Board of the Company in the event of (i) two consecutive defaults in payment of interest to the Debenture holders; or (ii) default in creation of security for debentures; or (iii) default in redemption of debentures. Further, such a nominated person shall be appointed as a Director on the Board of Directors of the Company, at the earliest and not later than one month from the date of receipt of a nomination from the debenture trustee(s).

In view of the above, the Board of Directors recommends the alteration of the existing Articles of Association of the Company to insert the definition of "Debenture" and "Debenture Trustees" under Article 2 and insertion of a new Article 38A after Article 38.

None of the Directors or Key Managerial personnel or their relatives may be deemed to be concerned or interested in the said resolution except to their shareholding in the Company, if any.

NOTES

Chaitanya

Chaitanya India Fin Credit Private Limited

Registered Office Address

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

CIN - U67190KA2009PTC049494