NEOGROWTH

Lending simplified. Growth amplified.

FAST-TRACKING GROWTH THROUGH RESILIENCE

ANNUAL REPORT 2020-21

CONTENTS

FY 2020-21 highlights

₹1,323 Crore
AUM as on March 31, 2021

₹676 Crore
Disbursements

₹333 Crore
Revenue

₹355 Crore
Net Worth as on March 31, 2021

FAST-TRACKING GROWTH THROUGH RESILIENCE

Economies and businesses in India and all over the world are facing a huge upheaval of change.

We, at NeoGrowth, are building greater resilience and agility in our systems and processes to survive and thrive in this new era of change. Our nimble strategies and execution are supporting micro, small and medium enterprises to keep the wheels of their businesses moving.

The reporting year saw us strengthen our digital ecosystem to simplify and expedite lending and further enhance our collections efficiency to keep the liquidity engine well-oiled. We also launched a bouquet of new products during the year in both retail finance and vendor channel finance. Our digital capabilities provide our customers the ease of doing business with complete transparency, amid challenging circumstances.

We also continued to engage with all our customers, employees, investors, and other communities to provide them critical support and strengthen the foundation of trust that we have created since inception.

We adopted a three-pronged strategy of **survival**, **consolidation**, and **growth** with emphasis on customers and stakeholder management, portfolio management, and optimisation of costs and processes.

ABOUT NEOGROWTH

Fuelling the nation's growth engine

NeoGrowth Credit Private Limited (NeoGrowth) is a new-age digital lender, with focus on Micro, Small and Medium Enterprises (MSMEs). These enterprises represent the growth engine of the Indian economy. We are a Systemically Important, Non-Deposit taking Non-Banking Financial Company (NBFC-ND-SI).

We offer a wide range of loan products, which are tailored around the changing aspirations of our customers. We have served and engaged with 70,000+ businesses and supported their growth ambitions.

We have been able to grow at a 8-year CAGR (2013-21) of 162% to ₹1,323 Crore. We have consistently focused on innovation in terms of products/solutions and processes to give our customers the maximum advantage.

Our digital payments based fintech lending and flexible repayment model are the key attributes, which have helped us emerge as a strong player in the digital lending space. Our customers are primarily aspiring MSMEs, who are creditworthy, but were denied formal credit due to inadequate documentation or no credit history. Founded by industry veterans, our Board of Directors comprise of experts, who guide the leadership team towards our strategic goals.

Mission

To fund small businesses by leveraging the digital ecosystem. Our financing not only helps our clients grow but also creates a positive social impact.

Core values

NeoGrowth is a values driven company. All our products, processes and services are built around these values and we proudly adhere to it. It is what makes us tick. Following are the three values, core to NeoGrowth.

Accountability

Goes hand in hand with empowerment and brings in a sense of ownership in all that we do

Customer focus

All our actions need to have a positive impact on the customer

Innovation

We are a new-age financial services company and innovation is in our DNA

Key facts

20,000+
Live Customers

2,10,000
Lives benefited*

25
Locations

14
States

800+
Team size

2,000+
Channel partners

*(Including jobs created, assuming jobs provided basis the size of the MSME)

Value proposition

Unique lending model
Digital payments and digital sales-based lending.

Proprietary underwriting technology
Underwriting based on proprietary technology using digital transaction data of customers.

Innovative solutions
Easy, collateral-free loans to drive financial inclusion.

Customised repayment solutions
Automated deductions with daily, weekly, monthly or customised repayment options.

Expert management
Founders and the leadership team bring in years of expertise and experience from fintech and the financial services sector.

Integrated digital processes
Technology-driven underwriting, use of artificial intelligence, machine learning and advanced analytics to integrate all processes digitally.

Prudent risk management
Sound liquidity risk management policy with prudent asset-liability management, risk mapping and mitigation measures.

Distinguished investors supporting our vision

OMIDYAR NETWORK

lightrock

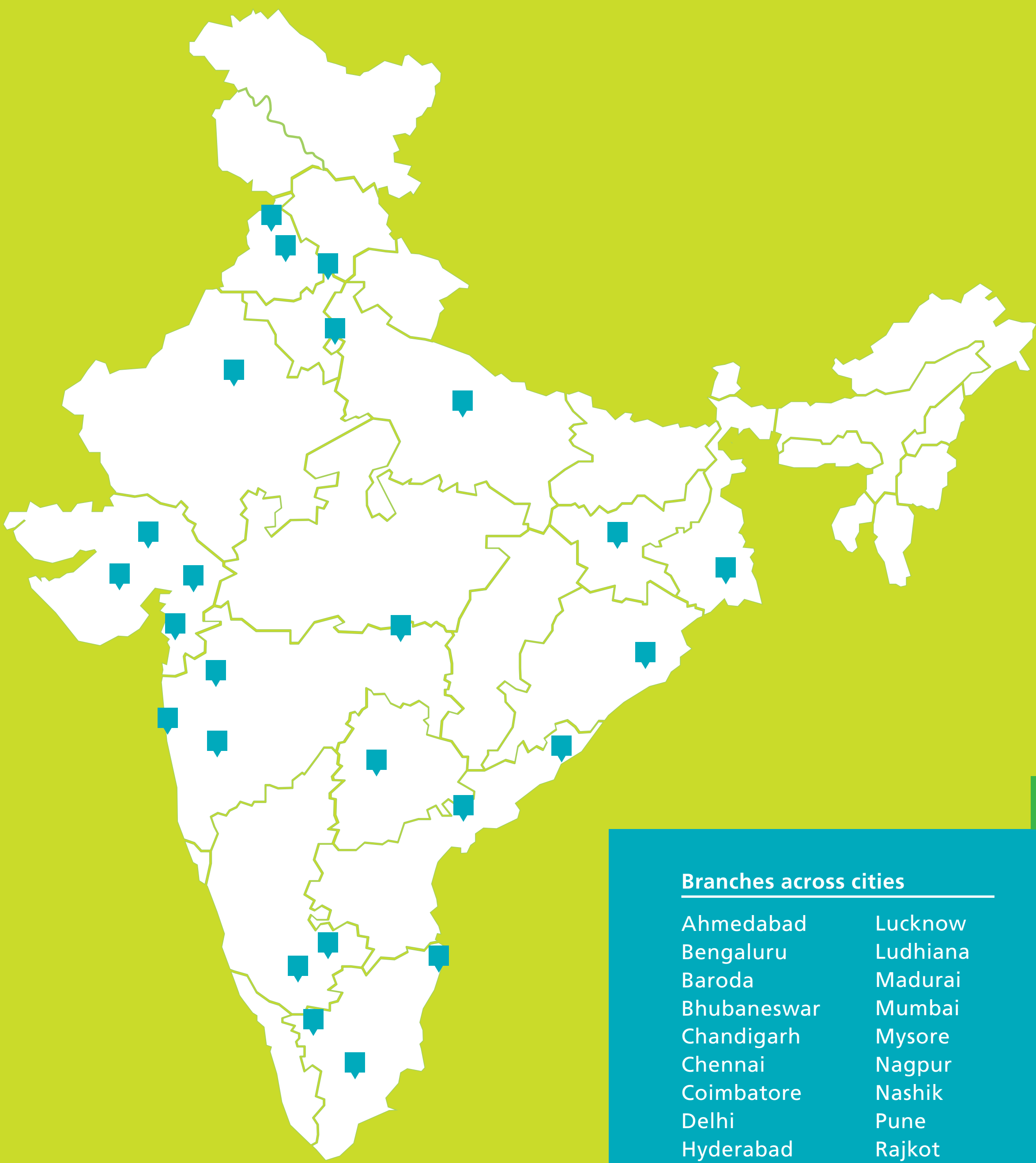
khosla impact

QUONA CAPITAL

IIFL ASSET MANAGEMENT

LEAPFROG INVESTMENTS

Expanding footprint across India



Branches across cities

- Ahmedabad
- Bengaluru
- Baroda
- Bhubaneswar
- Chandigarh
- Chennai
- Coimbatore
- Delhi
- Hyderabad
- Indore
- Jaipur
- Jamshedpur
- Kolkata
- Lucknow
- Ludhiana
- Madurai
- Mumbai
- Mysore
- Nagpur
- Nashik
- Pune
- Rajkot
- Surat
- Vijayawada
- Vizag

PRODUCT SUITE

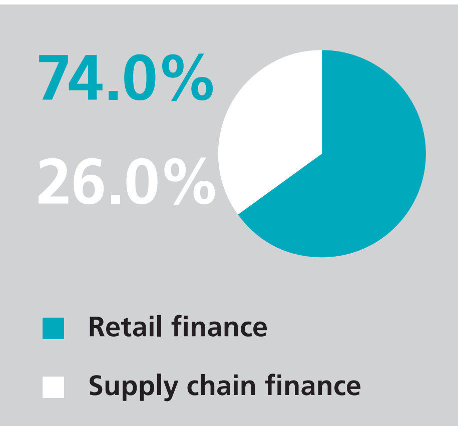
New-age lending model for new India

We create innovative products based on the unique requirements of our customers, who run small and medium enterprises. The demand in this segment is significant and is estimated to grow exponentially in the coming years. Our customers include aspiring young entrepreneurs who want to scale their businesses, first-time borrowers, and women entrepreneurs. We provide Retail Finance and Supply Chain Finance to our customers.

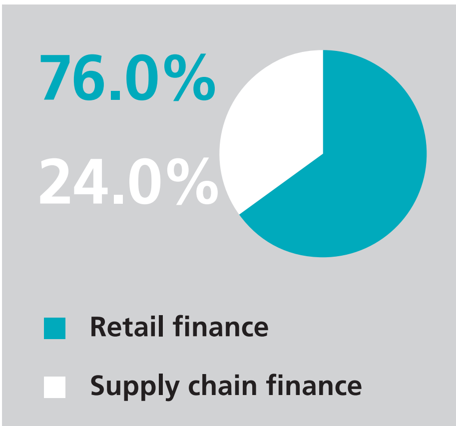
Serving a wide range of industries

- Apparel
- Auto & Ancillaries
- Book Stores
- Consumer Durables
- Electronics
- Food & Beverages
- Furniture & Home Furnishings
- General Stores
- Groceries
- Hospitals
- IT Services
- Jewellery Stores
- Manufacturers
- Opticians
- Petrol Pumps
- Pharmacies
- Repair Shops
- Spa & Salon
- Bakery
- Footwear
- Sanitary Stores
- Education Institutions
- Interior Decorators

AUM break-up



Disbursement break-up



Retail Finance
NeoCash Regular

- Collateral-free, short-term loans for online/offline retailers
- Retailers who accept digital payments such as credit/debit cards, UPI, etc. can avail NeoCash
- Pay-later option, an add-on revolving credit limit available for existing customers

₹1-75 Lakh
Ticket size

18-36 months
Average loan duration

NeoCash Express

- No-frills, small-ticket fixed tenure loans with quick turnaround
- Low daily repayment option

₹3-8 Lakh
Ticket size

500 days
Fixed loan duration

New products

NeoCash Insta

- Collateral-free loan
- Only KYC documentation
- Instant online approval
- 24 hours loan disbursal
- Average to Fixed

₹1 lakh
Ticket size

500 days
Fixed loan duration

NeoCash Plus*

- Longer Tenure Loans against property as collateral
- Retailers with PoS machines and/or online sales can avail NeoCash Plus

*Under Pilot

Supply Chain Finance
Vendor Finance Regular

- Term loans to manufacturers/ suppliers of large corporates[1]
- Easy sanction and quick disbursal

₹10-75 Lakh
Ticket size

18-36 months
Average loan duration

Purchase Finance

- Easy sanction loans to MSMEs purchasing their goods from large corporates[1]
- Pay later option provides flexibility of term loan and credit limit in a single product

₹5-75 Lakh
Ticket size

18-36 months
Average loan duration

New products

Vendor Finance Plus*

- Longer Tenure Term loans to manufacturers/ suppliers of large corporates[1]
- Loan Against Property as Collateral

Vendor Finance Express

- Small-ticket, quick turnaround loans to manufacturers/ suppliers of large corporates[1]
- Fixed repayment tenor, frequency and instalments

₹10-15 Lakh
Ticket size

720 days
Fixed loan duration

Online Seller Finance

- Partnership driven, limit-based loan for online sellers
- Sellers on e-commerce marketplaces, empanelled with us as our alliance partners, are target customers
- Payments escrowed to us, ensuring in-built risk management and simplicity in the process

₹1-10 Lakh
Ticket size

6 months
Minimum business relationship with e-commerce partner

12 month
Fixed loan duration

[1] Large corporates are defined by NeoGrowth as those exceeding a turnover of ₹250 crores
*Under Pilot

BRANDING INITIATIVES

Simplifying our reach

At NeoGrowth, we believe in simplifying, be it processes, products or our approach to lending. Since inception, we have implemented this approach. We put a lot of emphasis to the idea of simplification and have added it as an extension of our brand with the tagline 'Lending simplified. Growth amplified.'

FY 2020-21 was a year which provided us with numerous opportunities, though the business was impacted due to COVID-related disruptions. During the year, we introduced new products, engaged more closely with our customers and strengthened our bond through initiatives such as Sanjivni, Back2Business, and DiGibizz. We also realised that we need to take NeoGrowth closer to our customers and other stakeholders. Having a public icon which resonates with our brand aids building awareness and enhances brand NeoGrowth's recall with them. We signed up ace cricketer Ajinkya Rahane as our brand ambassador.

Why Ajinkya Rahane?

Ajinkya Rahane is an ace cricketer, with numerous achievements at a young age. He represented as captain of team India during the Australia tour of 2020. His popularity and fan base has enhanced manifold, with over 15 million followers on popular social media platforms.

Ajinkya's personality and journey resonates with millions of small businesses which are our target consumer base. He has overcome many challenges in his career through hard work and simplicity which connects with our TG (Target Group) and helps us connect deeply with them. Through our marketing campaign, we wish to convey to small business owners that obtaining and repaying loans is not a tough task.

'Keeping it simple'

is the philosophy we imbibe as an organisation. NeoGrowth simplifies the financing worries of a small business through a business loan which is easy to apply for, comes with minimal documentation and has convenient repayment options.

Ajinkya's thoughts on association with NeoGrowth

"My cricketing journey started in Dombivali, Mumbai, and I still remember my mother used to walk with my cricket kit on one arm and my brother on the other arm. We would walk 7 kms one way for practice. We could not afford auto rickshaw rides back then and it's the sacrifices of my parents and their savings that have helped me achieve my goals today. I can understand how difficult financial woes become big hurdles. A support system goes a long way in helping people achieve their full potential.

NeoGrowth helps people rise from the roots. Personally, I always look forward to working with a company that helps people who have the potential to grow."

Ajinkya Rahane

Humble beginnings, difficult times

Worked hard and practiced every single day for eight years

Kept cricket simple (straight bat technique)

'Keeping it Simple' helped him to reach greater heights

NeoGrowth Customer

Lot of struggles

Sweat and blood is put into growing the business

NeoGrowth fits in here

One aspect of business – receiving funds made easy and simple!

#KeepingItSimple philosophy helps the small businesses to **grow**!

CEO's insights on this brand association

"Ajinkya has overcome many challenges in his career through his positive attitude, hard work, straight batting technique, and simplicity. At NeoGrowth, we salute the spirit of small businesses who wish to enjoy growth through their continuous efforts and remarkable resilience. We focus on simplifying the funding challenges faced by such small businesses by offering business loans which are easy to apply for and convenient to repay."

Chairman's message

> We will continue to use innovation and execution excellence to achieve profitable growth, along with inclusiveness and sustainability for all stakeholders.

Dear Shareholders,

COVID-19 posed a once-in-a-century crisis for global economies and businesses. India's economy has been adversely impacted, as many people have lost their lives and livelihoods. The economy contracted for the first two quarters of FY 2020-21. It was only in the third quarter that we saw real recovery happening, and the GDP also expanded by 0.4%. The fourth quarter gains for the GDP touched 1.6%.

Although India's GDP for the entire year contracted by 7.3%, the overall sentiment improved with large-scale stimulus measures provided by the Government of India and the accommodative monetary policy of the Reserve Bank of India (RBI). High COVID-19 recovery rates and the commencement of nation-wide vaccination are other big positives. The RBI expects economic growth to accelerate in the coming quarters; and estimates an overall GDP growth rate of 10.5% for FY 2021-22.

Dark clouds emerged again by way of the Covid second wave, which is showing signs of disruption to the expected strong growth to the economy in FY 2021-22. There are localised restrictions in different states of varying strictness. This, along with intensity of the spread, is likely to decide on the velocity of growth during the coming financial year. Thankfully, this second wave is now showing signs of abating.

NeoGrowth's focus is funding for MSMEs, in both the retail and supply chain segments. We are constantly innovating through technology and analytics, our methods of customer acquisition, underwriting, disbursal and collection, as well as our product design. These will become the New Normal.

The health and safety of all our employees, customers and other stakeholders is of utmost priority. We believe that our resilience as a business emanates from the resilience and health of our teams and customers.

During this COVID crisis, we continue to connect closely with our customers and support them through several schemes. Our outreach programmes for deferring repayment and moratorium were initiated to support stressed customers ahead of RBI's announcement, wherein a significant proportion of customers opted for the moratorium.

Additionally, to ensure business continuity and stability of customers, we have provided relief measures such as enhanced tenor and easy pre-payment options to reduce their financial burden. We have strengthened digital customer support through communicating and educating customers on all modes of digital repayments.

Our outreach programmes are designed to manage risks efficiently and help our customers and partners to adequately prepare themselves for unforeseen circumstances. We have put together a well-orchestrated action plan to sustain operational efficiency during this challenging period.

COVID is accelerating major digitisation in MSMEs. Our very own research study has shown that about 40% of retail businesses in apparel, grocery, supermarket, FMCG, consumer durables, spa and salon and cosmetics segments have shown inclination towards going digital. NeoGrowth's DiGibizz is an innovative digital platform, catering to the emerging requirements of small businesses. It assesses the businesses on the digital parameters of discovery, fulfilment, transaction, operation, and engagement. Based on the assessment, our proprietary algorithm provides a scorecard, evaluates the score, and provides recommendations for improvement, which connects to our business goals. This is a unique

> We are constantly innovating through technology and analytics, our methods of customer acquisition, underwriting, disbursal and collection, as well as our product design.

initiative, which helps customers to grow their business digitally.

Our people are our priority. NeoGrowth has been recognised as a 'Great Place to Work' for two times in a row, demonstrating a high performance and trust culture across the organisation. During these challenging times, we have undertaken several measures to ensure the safety of our employees, such as providing health and safety information to our colleagues, regularly sanitising our premises, diligently adhering to safety protocols of authorities, allowing people to work from the safety of their homes, and many others. With the second wave of COVID-19 intensifying the struggles, we continue to ensure safety of our employees.

NeoGrowth was established with the objective of creating a positive social impact through its business activities. We had disbursed our first loan in 2013, and in all these years since then, we have tried to support and strengthen the financial well-being of our customers, in the underserved MSME segment. Even in these challenging times, we continue to support our customers and make their journeys with us smooth, hassle-free and value accretive.

Also, we are committed to extend our support to society in as many ways as we can. Our employees have generously contributed a part of their compensation in COVID-19 relief, and as an organisation we have contributed as well. Donations have been given to around 15 non-profits across India, who do frontline work in distributing food, medicine, and equipment to persons most affected, including healthcare workers.

We would like to thank all our stakeholders including employees, partners, customers, shareholders and lenders for their unwavering support to our mission.

Regards

Dhruv Khaitan

Founder & Chairman

Message from the Managing Director

> We at NeoGrowth believe that agility is the essence for contributing positively to the lives of our stakeholders

According to the IMF, global economic activity is estimated to have contracted by 3.3% in 2020, and is projected to grow at 6% in 2021, moderating to 4.4% in 2022. One year into the pandemic, the tragic human toll continues to raise concerns, even as growing vaccine coverage lifts sentiments.

India's economy was also considerably impacted by low manufacturing activity, poor performance of the services sector, decline in private capex and tepid consumption. However, high frequency indicators such as vehicle sales, railway freight traffic, toll collections, goods and services tax (GST) revenues, e-way bills and steel consumption suggest the economy is gradually recovering. The surge of the second strain of the virus is causing some alarm, but the panic will gradually peter out once a large proportion of our country's population is vaccinated.

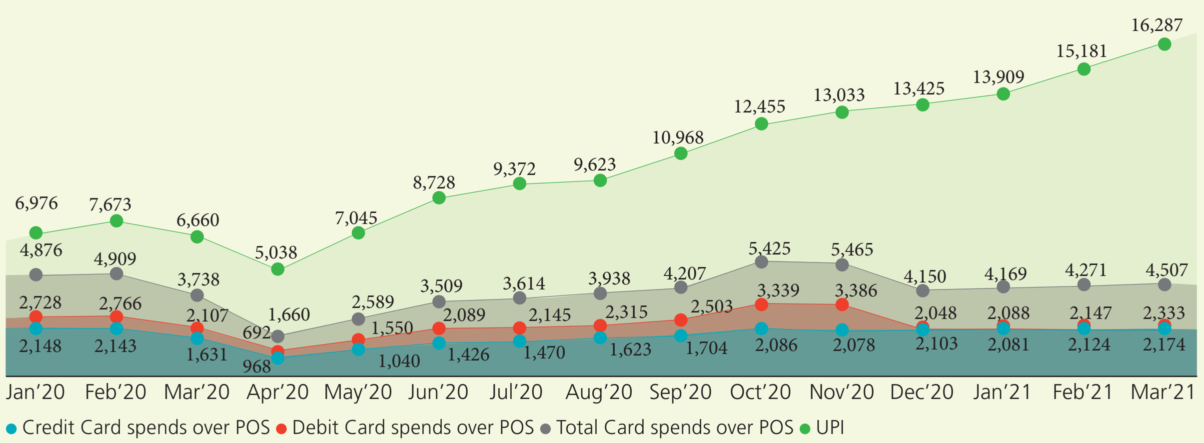
The Government of India, state governments and the RBI continue to implement policy initiatives to broad-base economic recovery by enhancing liquidity into the economy and protecting vulnerable sections of the population and small businesses. The Union Budget for FY 2021-22 has also focused on channelising allocations to spur medium-term and long-term growth prospects.

The on tap TLTRO scheme to NBFCs for incremental lending did not give the desired support to medium sized NBFCs like us, but we could generate sufficient and robust liquidity for us by effective collection management and also the relationships we built with our lenders, both domestic and offshore. The efficient risk management techniques and analytics-based insights into the customer behaviour helped us build systems and framework which helped us cross the challenges and build sufficient liquidity buffers to successfully navigate the company during the past 12 months.

FY 2020-21 also witnessed an upsurge in digital transactions. As per NPCI, about 30% of the UPI transactions (by value) are

Payments trend

(by Value/Day) ₹ in Crore



Source: RBI, NPCI

peer-to-merchant. This clearly reflects the changing consumer behaviour towards contactless payments and the need for small businesses to adopt the digital payment modes.

The new co-lending guidelines would provide greater operational flexibility to the lending institutions. The primary focus of the revised payments scheme, renamed the Co-lending Model (CLM), expects to improve credit flow to the unserved and underserved sector of the economy. It also aims to make available funds to the ultimate beneficiary at an affordable cost, considering the lower cost of funds from banks and greater reach of the NBFCs. These measures will help the sector brace the impact of the pandemic and further scale.

Interestingly, our target market (SME lending) remains large and growing and continues to act as a primary growth engine for the economy. With only 16% of SME's receiving formal finance and an estimated credit gap of ~$ 380 Billion demonstrates the huge untapped potential for a large and profitable market segment. With the government's focus on increasing the contribution of small and medium enterprises from the current 35% to 50% and introduction of services such as e-mandate, Account Aggregators, e-sign, and so on augurs well for NeoGrowth, going forward.

Our strategic focus continues to be to address the financial requirements of small businesses through the entire digital payments ecosystem through the tech-enabled delivery. Our diversified product suite caters to both retail and supply chain segments. We have also introduced digital offerings and services for a deeper and wider customer connect and are focusing on external partnerships in the BFSI ecosystem for off-balance sheet lending.

We continue to operate with a three-pronged strategy of survival, recovery, and growth with focus on customer and internal stakeholder management, portfolio management and process and cost optimisation. The near-term priority is to build an AUM of ~₹2,000 Crore by March 2022, through increasing share in existing segments and leveraging growth opportunities with product and customer diversification, translating into a healthy bottom-line and sustainable value creation for all stakeholders.

We are also focusing on elevating our brand recall across India. It is a matter of pride for all of us to bring on board ace cricketer Ajinkya Rahane, as our brand ambassador. Rahane shows grace under pressure, which is a mark of effective leadership. He is respected for his straight batting technique, positive attitude and composed yet effective leadership. This seamlessly fits with NeoGrowth's customers. We believe in recognising the enterprising and entrepreneurial spirit of our customers who drive small businesses and help them grow by simplifying access to funds.

Our business has enough liquidity, our teams are well equipped, and our processes are well optimised to fast-track growth. We are also continuously diversifying our portfolio with new products and technology enhancements.

We are innovative, resilient, agile, and committed to grow and continue to leverage growth opportunities for an enterprising India.

Warm Regards

Piyush Khaitan

Founder and Managing Director

Conversation with the CEO

We are happy to share that our loan book has grown back to almost pre-COVID levels at ₹1,323 Crore, although other financial metrics are still recovering

Q: FY 2020-21 brought overwhelming challenges for the Indian economy, and the financial services sector. How did you manage the challenge?

2020 has been a year of extraordinary challenges. We witnessed unprecedented circumstances with economic, social, and business disruptions like never before. Together, we continue to navigate these choppy waters and build a stronger enterprise. FY 2020-21 saw us follow a three-pronged well-calibrated strategy. First, gearing up to fight the pandemic and focusing on business continuity. Second, embracing the 'new normal', modifying our business processes and operations to suit the changed scenario. Third, supporting our customers and getting their businesses back on track, with sharper focus on recovery and growth.

With a customer-first approach, we launched the Sanjivni initiative to help small businesses survive the toughest challenges in their entire existence with solutions tailored to their needs. It is our modest attempt to give small businesses a new lease of life. We adhered to strong governance practices, while implementing Sanjivni. Moreover, there was a need to focus on customer selection and prudent risk management for origination of the new loan book, due to the uncertain market scenario.

We have introduced a purely digital and instant approval loan called NeoCash Insta which is an extremely light-weight product with disbursals within 24 hours. In addition, during FY 2020-21, we catered to a new segment of SMEs which sell on online marketplaces, through the launch of a limit-based product, Online Seller Finance. In order to strengthen our value proposition to customers, we went one step further and built a digital platform, DiGibizz, to cater to the integrated business needs beyond just financing requirements. Additionally, off-balance sheet lending is another strategic business initiative, which helped us stay ahead of the curve. During FY 2020-21, we have also focussed on enhancing our brand identity by roping in ace cricketer, Ajinkya Rahane, as our brand ambassador.

Q: Can you provide us an insight into financial performance? How has the trajectory been?

We are happy to share that our loan book has grown back to almost pre-COVID levels at ₹1,323 Crore, although other financial metrics are still recovering. Our five-year trajectory from FY 2014-15 to FY 2020-21 for Net Interest Income (NII) has seen 121% growth. Our robust business model, high portfolio granularity, prudent origination, technology-led operations including the use of advanced analytics have helped us maintain decent margins on our disbursements. Through regular engagement with customers, we ensure our collection efforts are maintained, which ensure maintenance of our margins.

Q: How did you manage emerging risks in the operating environment, and supported customers in times of stress?

Our active customer engagement and communication strategy through tele-calling, SMS and email campaigns reassured customers about our constant support during the crisis. We remained in close contact with customers, provided industry-specific advisory to manage their finances and facilitated intermittent payments, whenever customers were in a position to pay.

Following the gradual unlocking of the economy, we started calibrated resumption of lending to financially resilient customers. We focused on retailers with significant online presence and businesses with supply chain linkages to large corporates. Higher intensity of digital modes of transactions facilitates superior customer experience and risk management.

Additionally, we have created adequate credit cost provision reserves to factor in the portfolio impact of the pandemic, as well as stay adequately insulated from future economic volatility. In whatever we did, technology was our biggest enabler. Our technological capabilities have enabled seamless and real-time coordination between teams and across customers and stakeholders.

Q: Can you please provide details about the new products being launched during the year? And new processes being implemented?

During the year, we have launched an Express version of our Vendor Finance product, for catering to the supply chain funding requirements of vendors of large corporates. This product is digitally enabled where a loan application is processed with an automated scorecard-based decision-making, resulting in disbursals within 48 hours. It is a document-light product, with no demand for invoices, making the application process hassle-free for the MSMEs.

We have recognised the shift in consumer behaviour from offline to online modes, driving online businesses higher, and launched our Online Seller Finance (OSF) product. OSF is a limit-based product targeted towards small businesses selling goods/services on B2B and B2C e-Commerce marketplaces. Small businesses can get quick access to a credit limit, so that they can pay interest on only the limit utilised. The interest is adjusted against the cashflows received by the business, providing convenience of repayment to the customer.

We also launched NeoCash Insta, a collateral free, instant approval loan of ₹1 Lakh, which is disbursed within 24 hours to facilitate MSMEs with instant loans requiring only KYC documents. We have also initiated co-originated loans with our partners and offer better loan terms to our customers. Our partner would get access to an underserved retail market segment, which they are not able to service currently, and we would be able to scale our business. We have already tied up with few of the largest NBFCs and would be actively partnering more PSUs and private banks in the coming year.

Q: How do you plan to scale your digital ecosystem?

Adopting cloud-native design and microservices-based architecture has helped us scale smoothly and drive interoperability between various technology assets and data sources. Our strong in-house engineering capabilities have enabled NeoGrowth to quickly roll out strategic businesses, products, and collections. We are also strengthening our existing digital assets to ensure a seamless digital journey for our customers, channel partners and internal sales users.

Q: How do you assess the entire business scenario panning out?

With the second wave of pandemic intensifying the situation and periodical lockdowns, the business environment is quite uncertain. While this impacts our customers i.e. consumer-facing retail businesses, this poses a business risk not just for NeoGrowth, but for all NBFCs lending to such businesses. While there is a certain amount of volatility in the business in the short-term, the impact would be lesser than before as the first COVID wave caused many small businesses to shut shop and most of our book now comprises businesses with robust repayment behaviour. Our prudent risk management, strong liquidity buffer and good governance will enable us to grow sustainably for the long term. Our diversified customer selection strategy, powered by technology, especially data and analytics will help us reach out to more customers and address their financial requirements at this critical hour of need.

Thank you,

Arun Nayyar

Chief Executive Officer

KEY PERFORMANCE INDICATORS

Performing with agility and resilience

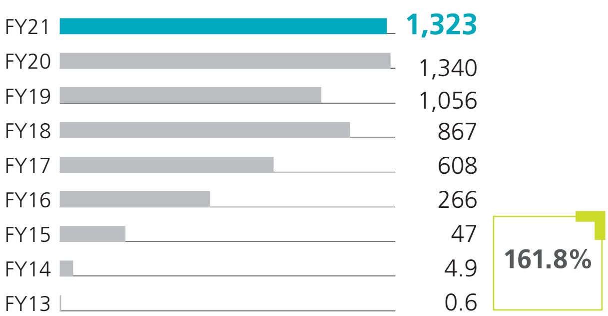
Operational highlights for FY 2020-21

- Embraced the 'new normal' and launched Sanjivni Initiative, Back2Business, and DiGibizz platform;
- Launched NeoCash Insta, Vendor Finance Express and Online Seller Finance;
- Conducted a maiden partial guarantee-backed multi-issuer term loan transaction;
- Appointed the ace cricketer Ajinkya Rahane as our brand ambassador.

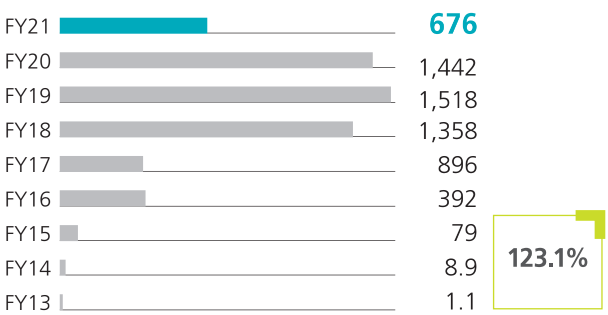
Financial highlights

8-year CAGR

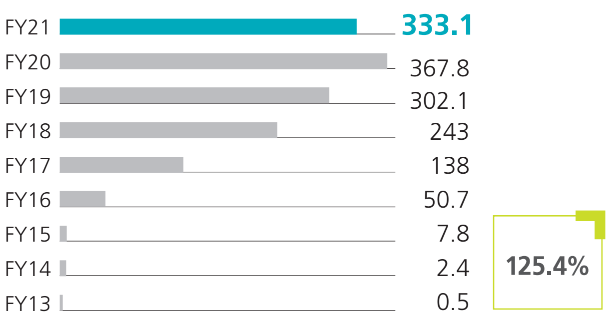
Assets under management (AUM) (₹ in Crore)



Disbursements (₹ in Crore)

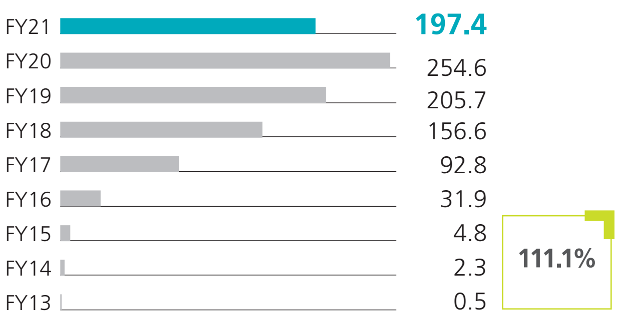


Total Income (₹ in Crore)

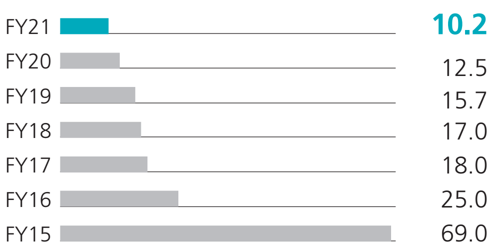


8-year CAGR

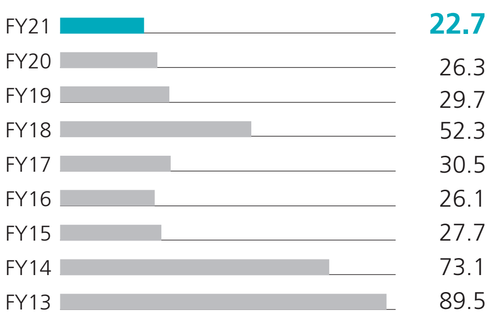
Net Interest Income (₹ in Crore)



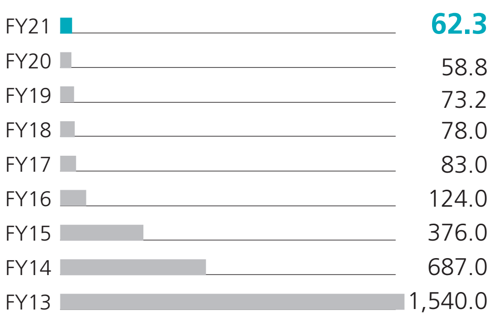
Operational Cost to AUM (%)



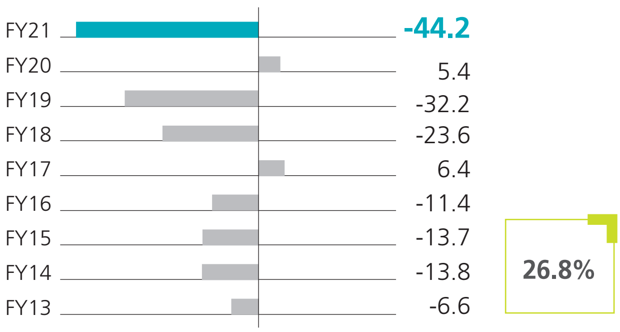
CRAR (%)



Operational Cost to Net Interest Income (%)



Profit Before Tax (₹ in Crore)



OPERATING ENVIRONMENT

Opportunities that help us thrive

The opportunity landscape in the financial services sector is fast evolving, and NBFCs with strong digital infrastructure, good underwriting skills, deep local insight and presence in niche market segments are likely to grow sustainably.

High unmet credit demand from MSMEs

The micro, small and medium enterprises (MSMEs) are the growth accelerators of the Indian economy, contributing around 30% to the country's gross domestic product (GDP). Also, they are an integral part of the supply chain of big businesses and contribute about 40% of India's overall exports.

The Government of India is committed to drive growth for this sector and help enhance the contribution of this sector to around 40% of GDP. However, there is a huge unmet demand for credit in this sector, primarily because they lack proper documentation for traditional channels of financing.

- The credit requirement and the credit exposure of formal channels to MSMEs represent huge unfulfilled demand, in turn a huge opportunity in MSME lending to the extent of ~$ 380 Billion[1]
- During 2019, the MSME lending witnessed a YoY growth of 22.7% (September 2018 to September 2019)[2] representing high growth trend in the segment.

[1] World Bank estimates

[2] Transunion CIBIL's MSME Pulse, February 2021

Liquidity-enhancing measures

RBI's accommodative stance

To combat COVID-related disruption in the economy, the Government of India announced and implemented a host of fiscal measures. The Reserve Bank of India also responded with aggressive rate cuts, massive liquidity infusion, and moratorium as a temporary relief to borrowers, and a time-bound window for restructuring of assets.

- **Special Liquidity Scheme (SLS)** amounting to ₹30,000 Crore for the NBFCs to manage liquidity issues
- **Co-lending by banks and NBFCs to priority sector,** with minimum 20% share of individual loans by NBFCs
- **100% credit guarantee scheme (ECLGS)** of ₹3 Lakh Crore for credit infusion for MSMEs
- **Restructuring loans** to ease burden for MSMEs to manage post-moratorium repayment stress

Rising trend to go digital

Increasing use of smartphones, higher internet connectivity, affordable data plans and government's push for digitalisation through Digital India and BharatNet have led to more and more financial services being digitalised. Growth in digital payments is expected to continue, fuelling the trend.

- Digital payments volume in India has grown at a compounded annual growth rate (CAGR) of over 55% in the past five years from 5.9 Billion in FY 2015-16 to 34.3 Billion transactions in FY 2019-20, almost six times in 5 years[3]
- During March 2021, UPI transaction volumes grew by 116.5% from 1.2 Billion in March 2020 to 2.7 Billion in March 2021, while transaction value grew by 144.1% from ₹2.1 Trillion in March 2020 to ₹5.0 Trillion in March 2021.[4]
- Digital payments are expected to swell to over ₹7,000 Crore by FY 2024-25[5]

[3] RBI
[4] KPMG
[5] India Trend Book Report

Our response

- Thoughtfully planned and diligently implemented strategies such as Sanjivni, Back2Business and DiGibizz to help MSMEs adapt to the new normal
- 360º analytics solutions to drive sales efficiency, cost optimisation, customer delight and all support functions
- Introduced innovative solutions such as NeoCash Insta, NeoCash Plus, Vendor Finance Express, Vendor Finance Plus and Online Seller Finance for serving new age MSMEs
- Range of digital apps and systems such as Customer App, Merchant Portal and AdvanceSuite, ENCollect, PayLater Management System and so on for simplification of all processes and to adapt to the new normal
- Extensive use of technologies like artificial intelligence, machine learning and advance analytics to automate and simplify processes

STRATEGIC PRIORITIES

Critical aspects on our radar

Our long-term objective is to help drive financial inclusion of the nation, where the fruits of development are shared by all sections of the society. To achieve this objective, we have identified five strategic focus areas, which will help us leverage emerging market opportunities in a digitally enabled Indian economy.

Digitally integrated operations

At NeoGrowth, state-of-the-art technology is used across different processes for integrating business operations. We are moving towards a completely seamless digital experience for customers, where the entire process flow – beginning with lead generation to loan origination, sanction, disbursement and collections are all taken care of digitally, with minimal human intervention.

Apps

Sales app

Android and iOS enabled mobile app used by the sales team for sourcing and tracking loan application.

Customer app

Launched during FY 2020-21, this app is also available on both Android and iOS for customers to access and manage their loan accounts.

Portals

Younite portal

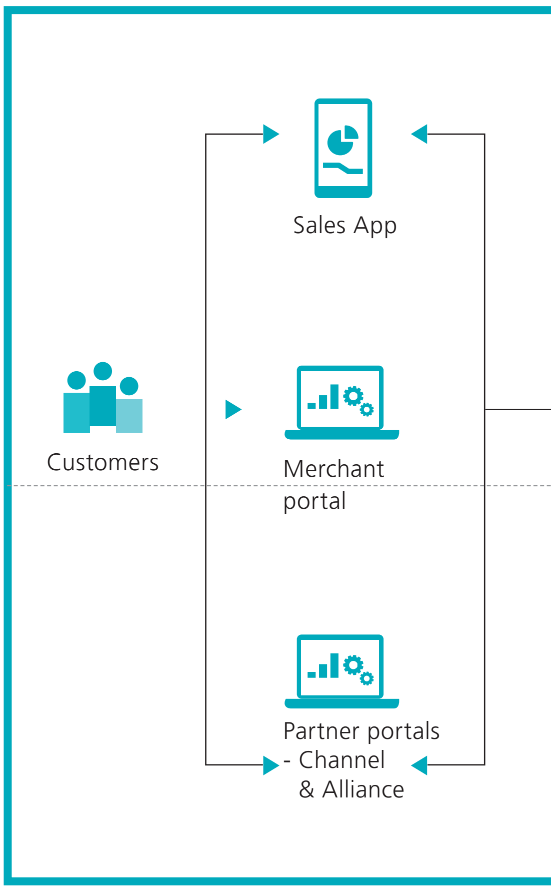
Specially developed for our Direct Selling Agents (DSAs), this portal supports all the efforts of our channel partners to enable higher lead generation.

Alliance portal

This portal enables us to generate higher leads through our alliance partners, minimising breaks as well as enabling easy tracking and monitoring.

Merchant portal

Exclusive portal for our MSME customers, enabling them to login and access their account, raise service requests and make payments.



Systems/Suites

AdvanceSuite

Loan origination and loan management system to track the entire loan cycle from login to disbursement, as well as interact with the data warehouse and analytics engine to evolve the credit model as per changing market conditions.

PayLater Management System (PLMS)

PLMS is a loan management system for limit-based products at NeoGrowth.

SuiteCRM

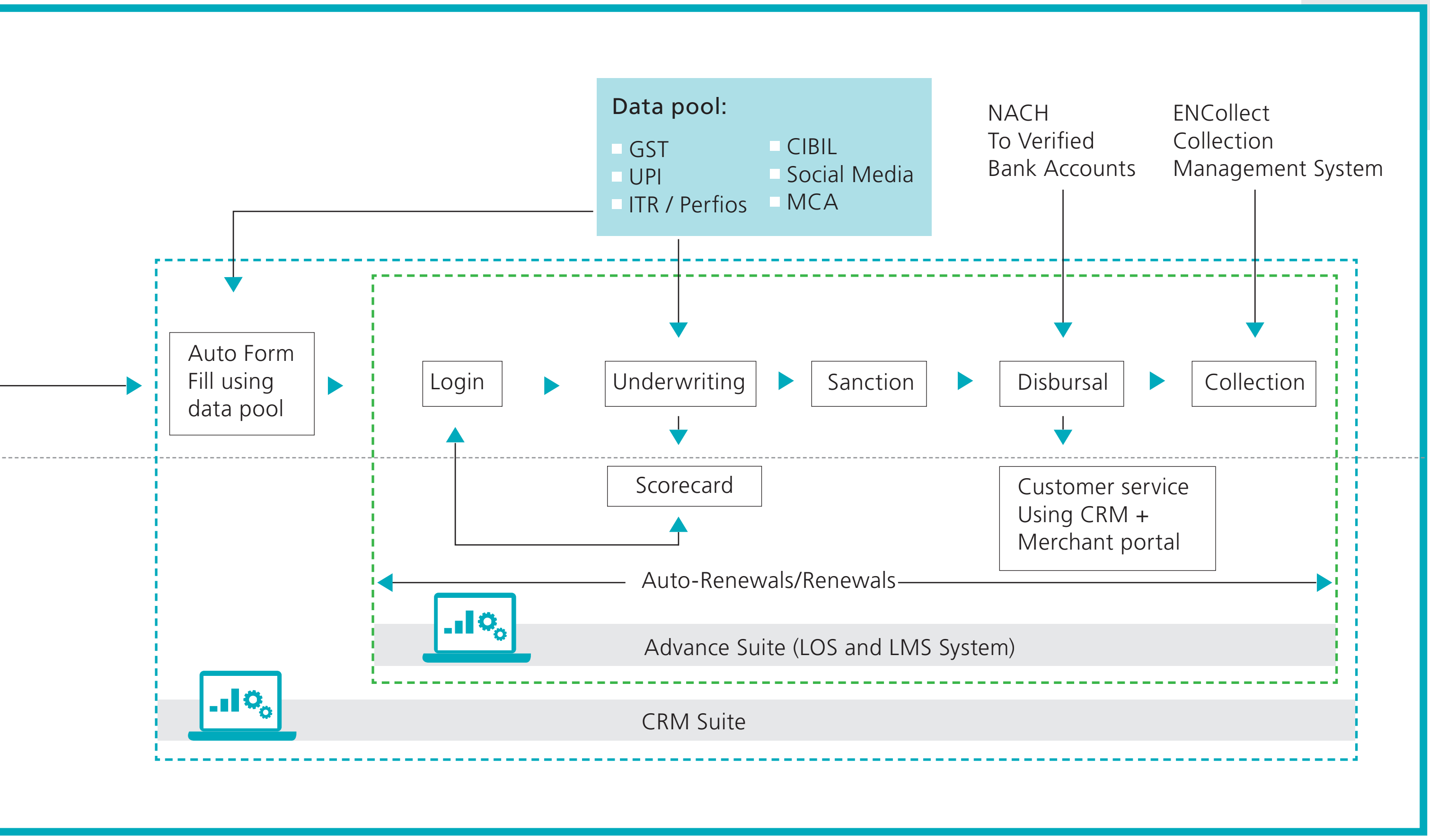
Our CRM software records all interactions with potential and existing customers, for easy tracking of service requests, escalations and communication triggers helping sales workflow.

ENCollect

Collection management system for managing delinquencies, which also comes with a mobile-app for field agents, helping instant recording of customer interaction, feedback, money collected, and customer account views.

Neo Score

Proprietary algorithm to score the bank statements of loan applicants, with a 360° understanding of customers using the power of transactional data.



Broad-basing our customer outreach

Growing our market size and market share are our priorities. We intend to reach out to more customers through:

Expanding our presence

Our online and offline presence has expanded rapidly with various marketing initiatives such as enhancing brand recall with campaigns such as Sanjivni, Back2Business which were targeted towards existing customers. Initiatives such as onboarding sports icon – Ajinkya Rahane as our brand ambassador enabled us to reach newer customers and segments, which were till now unaware about NeoGrowth. We supported all our customers through a wide range of alliance partners (DiGibizz initiative). These also generated a buzz around the brand in the market and helped our marketing teams reach new customers.

Deeper insights into customer behaviour

Data is an important asset for us, helping us gain insights and integrating our business operations. From the decision on the right customer acquisition to an automated renewal, to customer grievance redressal, we use analytics to make customer journeys with us smooth and hassle-free.

We utilise data science with cutting-edge analytics, artificial intelligence, machine learning, deep learning, data mining, predictive modelling, visualisation, forecasting and business intelligence (BI) and tools like R, Python, Altair and Tableau to effectively leverage the power of analytics within our systems.

Data pools like GST, UPI, ITR, Perfios, CIBIL, social media and MCA act as enablers for automating and authenticating routine data. We ensure 360° application of analytics in risk and collections, customer value management, credit, HR, customer service, marketing and operations.

Analytics helped us segment our customers, to offer pre-approved top-ups, collection optimisation from early warning signals to deep DPD buckets, HR analytics, customer service experience solution, renewal propensity scorecard, etc. Analytics is also involved in portfolio monitoring, and generating various data insights.

Engaging with customers through vlogs and video testimonials

Although word of mouth and personal engagement initiatives are very effective, we leveraged the power of videos to strike an instant emotional connect with our customers/potential customers. With a series of educational and engaging videos for our customers, both during and post lockdown, we connected closely with customers and expanded our brand recall.

Scorecard for loan application process

2x

Increase in direct sourcing, resulting in cost optimisation and enhanced productivity of sales and credit team

Robust risk management

We have a conservative approach to risk management. Most of our risk management policies are inbuilt within our products and processes. Features of our risk management are:

- Granular portfolio of over 20,000 customers which inherently reduce the concentration risk of individual borrowers
- Higher selection thresholds to optimise selection of healthy borrowers
- Expansion of product offerings with NeoCash Insta, NeoCash Plus, Vendor Finance Express, Vendor Finance Plus and Online Seller Finance to cater to new age, resilient customers
- Created adequate credit provision reserves to factor in the portfolio impact of the pandemic, as well as to stay adequately insulated from future economic variations
- Enhanced scrutiny of potential borrowers, using proprietary scorecards and online systems for financial, transactional and reputational information
- Real-time monitoring using assets such as risk and collection datamarts
- High focus on internal controls to protect from various risks that may emerge from its operating environment, due to transactional error, resulting in legal, reputational or financial impact

Maintain Capital to Risk Weighted Assets Ratio (CRAR) above industry average

Since inception, we have consistently maintained Capital to Risk Adjusted Ratio (CRAR) above the industry average. We strive to maintain our CRAR through adequate capitalisation and prudent risk management. Despite pandemic-induced disruptions, we maintained a CRAR of 22.7%, which is above the 15% threshold limit prescribed by the RBI for NBFCs.

Prudent Asset-Liability Management

Our borrowing profile comprises of an ideal mix of domestic and overseas institutions. We also have a board approved liquidity risk management (LRM) policy, which encompasses the Asset Liability Management (ALM) framework.

Our borrowings are for longer tenor - average tenor of 35 months, as compared to our lending - average tenor 21 months, to ensure that ALM remains positive even in case of 50% stress on inflows upto one year. We also maintain prudent liquidity buffers in the form of investments in liquid and overnight scheme of mutual funds and bank fixed deposits.

ENVIRONMENTAL INITIATIVES

Building a sustainable and responsible business

We believe that sustainable businesses are the ones which create lasting value for all the stakeholders and survive the test of time.

Although the nature of our business does not involve any activities which affect the environment directly, we have adopted the United Nation's Sustainable Development goals (UN SDGs) for conservation of the environment. The policies we comply with include:

- The National Forest Policy
- National Water and Natural Resources Conservation Policy
- Policy Statement for Abatement of Pollution
- National Conservation Strategy and Policy Statement on Environment and Development

Some of our environmental interventions consists

Afforestation

- Continuation of the 'Grow Tree' initiative to send congratulatory email, with certificate of plantation to all the team members on their birthdays
- Online portal with E-tree gift option introduced for team members to surprise their friends, family and relatives
- Unique combination of 'walkathon' and 'Grow Tree' introduced for NeoGrowthians to promote healthy lifestyle and eco-consciousness, where a tree is planted for every 1 lakh steps walked by the employees

Zero plastic zone

Making our workplaces as zero plastic zones through replacement of plastic consumables with glass or wooden articles

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Higher digitisation

Adoption of paperless and digital processes, to ensure a sustainable ecosystem, with better accountability and adaptability to the new normal

11 SUSTAINABLE CITIES AND COMMUNITIES

13 CLIMATE ACTION

15 LIFE ON LAND

250
Trees planted under walkathon initiative

1,000
Saplings plantation facilitated

COVID RESPONSE

Combating the global menace

FY 2020-21 has been an unprecedented year, on account of COVID-19. We partnered with our associate NGOs, which directly supported the most vulnerable communities such as migrant labourers and daily wage earners, with the best possible support.

Our employees also joined the contribution, by raising a fund through voluntary donations which enabled us with the following interventions:

75,000+
Meal and grocery served

8,000+
Ration kits distributed

5,000+
Hygiene kits distributed

1,000+
PPE kits and other materials for hospitals and medical practitioners

Partner NGOs

A drive for social empowerment

Society is an important constituent in the sustainability of any business operation. We, at NeoGrowth, see our business as an important catalyst for social empowerment.

We believe in partnering with small businesses to drive their growth. Funding small businesses and creating positive social impact is our mission. Our loans also aid the Government's financial inclusion agenda.

We commissioned an independent third-party to conduct a study to analyse and assess the social impact created by NeoGrowth through its activities and initiatives. This study was conducted through interviews across various locations. The findings of the study are documented in our Social Impact Report 2021. Some of the key findings of the study are presented herewith.

Strengthening credit history

2.2%

Of our interviewed customers had no credit history

55.2%

Of our interviewed customers having credit history reported improvement in credit bureau scores

Environmental sustainability

58.0%

Of our interviewed customers are taking different environmental initiatives

Fostering entrepreneurship

84.0%

Of our interviewed customers were first-generation entrepreneurs

Financial inclusion

35.5%

Of our interviewed customers were first-time borrowers

Driving economic growth

80.0%

Of our interviewed customers witnessed an increase in revenue post availing loan from NeoGrowth

Accelerating digitalisation of MSMEs

53.0%

Of average daily sales of our customers were in digital mode

Promoting gender equality by aiding women borrowers

1,197

Total women borrowers in FY 2020-21

16.4%

Women borrowers among total borrowers

Indirect employment generation

86.6%

Of our interviewed customers witnessed an increase in the number of employees post availing loan

Giving back to the society is woven in the core values of NeoGrowth. Neo Giveback is one of the 7 pillars of our employee engagement brand umbrella. Our values, ethos and mission revolve around creating a positive social impact through our business and thus we have a very strong, top-driven philosophy of giving back. We strive to maximise this impact as much as possible, as evidenced by the data and cases in this report. Our indicators of social impact have been developed within the framework of the United Nations Sustainable Development Goals for clarity and ease of measurement.

Highlights of our social interventions

Blood donation

There was a shortfall in most blood banks pan-India on account of COVID-19. We partnered with Think Foundation and Bombay Blood Bank to organise a blood donation event at Mumbai, which was much appreciated by the associate blood bank. We have also been successful in creating a database of employees who are ready to donate blood voluntarily, in future emergencies.

Padhega India to Badhega India

We encourage our team members to take up volunteering/teaching sessions at NGOs. We empower them with flexible work timings, enabling them a personal sense of joy and fulfilment.

Cloth & material donation

NeoGrowthians regularly participate in cloth and material donation drives, organised in association with the NGO Goonj under Joy of Giving programme.

AED machines and CPR trainings

Automated External Defibrillator (AED) machines are installed at both our Mumbai offices. These machines can be used in case of emergencies, not only for NeoGrowth team members, but by the other organisations also, who operate from the same premises. Additionally, Cardiopulmonary Resuscitation (CPR) training is provided to the teams at Mumbai, which houses one third of our total employee strength, so that in hour of need, they can help save lives.

Contribution to United Nations Sustainable Development Goals (UN SDGs)

UN SDG	GOALS	UN SDG TARGET	NEOGROWTH INDICATORS	ACHIEVEMENT FY 2020-21	TARGET FY 2020-21
3 GOOD HEALTH AND WELL-BEING	Ensure healthy lives and promote well-being for all at all ages	Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all	▲ % of loans advanced to pharmacies, clinic & labs and healthcare businesses (by Value) ▲ % of borrowers who availed health insurance (by Volume)	7.7% 92.0%	7.0% 78.0%
5 GENDER EQUALITY	Achieve gender equality and empower all women and girls	Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life	▲ % of loans advanced to businesses that were run by women either as sole proprietors, partners or directors (by Value)	15.9% 32.0%	12.0%
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation	Increase the access of small-scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit, and their integration into value chains and markets	▲ Financial Inclusion - % of loans advanced to first time borrowers from NeoGrowth (by Volume) ▲ % of loans advanced to businesses with business vintage ≤ 5 years (early-stage) (by Volume) ▲ % of digital sales in business transactions of borrowers (by Value)	64.5% 57.2% 53.0%	52.0% 10.0% 52.0%
8 DECENT WORK AND ECONOMIC GROWTH	Promote sustained, inclusive and sustainable economic growth,full and productive employment and decent work for all	Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalisation and growth of MSMEs, including through access to financial services	▲ % of loans advanced in Tier-II cities (by Value) ▲ % of loan portfolio less than ₹ 10 lakhs (by Value)	26.5% 52.9%	22.0% 35.0%
10 REDUCED INEQUALITIES	Reduced inequalities	By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status	▲ % of loans advanced to first generation entrepreneurs (by Volume) ▲ % of loans advanced to first generation women entrepreneurs (by Volume) ▲ % of loans to entrepreneurs of age greater than 50 years (by Volume)	84.0% 4.0% 10.8%	79.0%
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Ensure sustainable consumption and production patterns	By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse	% of loan advanced to businesses engaged in below areas: (by Volume) ▲ Renewable energy ▲ Wastage management ▲ Curbing pollution ▲ Reducing carbon emissions ▲ Reducing plastic usage	62.6%	85.0%

On a randomly selected sample of 231 NeoGrowth customers
(On customers funded during the FY)

CUSTOMER CONNECT

Protecting customers. Accelerating access through digital.

At NeoGrowth, we salute the resilience and the never give up spirit of the Indian MSMEs. The COVID-induced disruption has made them stronger to the external challenges.

We have partnered with our customers, both during and post the lockdown with different campaigns and strategies, in order to protect them and empower them with enough resources to get back on the growth track.

Sanjivni - A unique initiative to provide bespoke solutions

Empathy meets Empowerment

NEOGROWTH SANJIVNI initiative reached out to 12,000+ customers.

Broad-basing outreach

Digitally engaged customers through blogs and knowledge series on branding, digital adoption, success stories, etc.

Value-added campaigns

Business management, information security and health and safety

Bespoke solutions

Reduced EMI burden through customised solutions, moratorium and other proactive measures

Facilitating payments

BillDesk All your payments. Single location.

PhonePe

G Pay

The popular name Sanjivni translates as "one that infuses life". In Hinduism, Sanjivni is a magical herb which is mentioned in the Ramayana when Lakshman was on death-bed and treated to life with Sanjivni. This resonated with NeoGrowth's efforts to empower customers and get them back into action.

Positive thinking will defeat COVID

"Lockdown led to complete stoppage of business. However, we have a positive outlook, business will pick up soon. We will definitely win against Corona" - **Mr. Maliram Meena, Mukesh Chaiwala, Jaipur**

NeoGrowth Sanjivni proved to be true to its name

"NeoGrowth has supported us with their Sanjivni program during these difficult times" - **Mr. Ajay Surti, Shreeji Collection, Mumbai**

Business Immunity Challenge

This was an in-house tool developed to evaluate the preparedness of businesses in the challenging COVID times. It also helped us engage better with the prospective customers prior to signing up.

NeoGrowth boosted my confidence

"I am extremely delighted to be the winner of NeoGrowth Business Immunity Challenge. This contest has given me more confidence in my capabilities to soon get back to business. The lockdown affected my business severely. Uncertainties, labour shortage and disrupted supply chains led to stress and difficult working conditions for me. However, I continued the business and now that things have started getting back to normal, I am back to having some work-life balance."

-Mr. Vishal Suresh Parmar, Shree Ram Industries, Rajkot

BACK 2 BUSINESS

This initiative was undertaken to help both businesses and consumers regain positivity and confidence. The objective was to showcase success stories of small businesses towards revival post lockdown and role of consumers in supporting them in this journey.

Additionally, we undertook an initiative to make the festive celebrations of our customers (MSMEs) and consumers special with a series of mailers to motivate our employees and customers to stay positive and keep raising the bar.

DiGibizz - Simplified new-age platform catering to emerging needs of small businesses

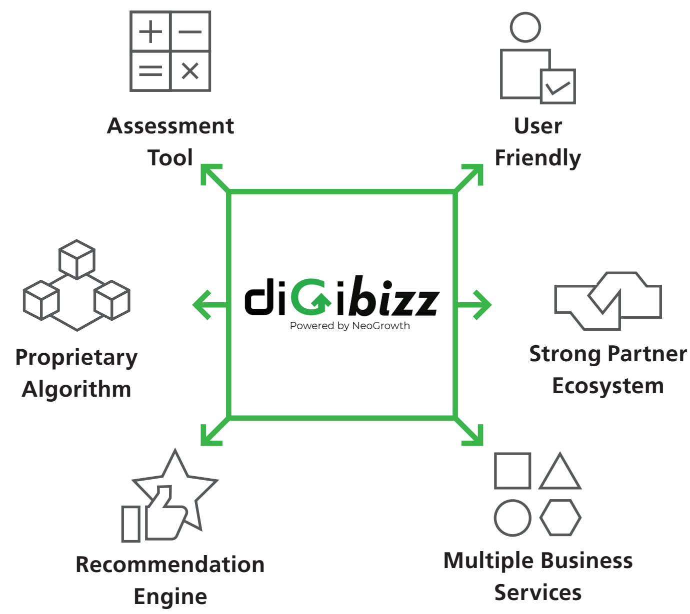
We at NeoGrowth partnered with our customers to digitally transform businesses with the help of customised solutions. The COVID disruption made all the businesses realise that to sustain and thrive in these challenging times can be a lot smoother with digitalisation. However, many customers lacked the preparedness. We undertook a primary research to understand the key pain points of small businesses with regards to digitalisation. These included

- Lack of awareness of various digital solutions
- Threatened by technology, big brands, e-commerce players
- Limited reach of the business curbing the potential market size
- Inefficient inventory management leading to delays and business loss

With the DiGibizz initiative, we assess small businesses on the following parameters based on our in-house recommendation engine "digit-o-meter":

1. **Digital discovery**
2. **Digital fulfilment**
3. **Digital transaction**
4. **Digital operation**
5. **Digital engagement**

Simplified new age platform catering to emerging needs of small businesses



Our proprietary algorithm prepares a scorecard to categorise customers into different categories based on the stage of digitisation. After taking responses from the customer, the algorithm evaluates the current digital score and provides customised analysis on the same based on the building blocks.

Based on the above analysis, the algorithm shares top recommendations for the business and connects it to business goals.

Success stories

Ms. Reshma Amit Deokar

Advait Medical & General Store (Pharmacy)

Location: Kokan Nagar, Bhandup, Mumbai
Age: 34 years, Size of store: 300 sqft.
Business Vintage: 8 years

Business challenges

"There is growing competition in our vicinity today. I feel my business lacks the technological support, which other businesses have today in my area. Hence, I would like to upgrade and compete well with the online & hi-end pharmacies."

Transformation activities conducted

- Social Media Marketing to enhance reach
- Creation of social media platforms, digital Ads in Bhandup, Mumbai
- Online orders & customer engagement with Magicpin.
- POS system for billing with barcode scanning with Redbook
- Digital scrolling boards by Smartech
- Integration of Lemma tech for digital Ads revenue
- Security system installed by Pinnacle Management

Mr. Chetan Shah & Ms. Nikita Shah

NS Stores (Grocery Supermart)

Location: Ramkrishna Nagar, Khar West, Mumbai
Age: 36 years, Size of store: 600 sqft.
Business Vintage: 4 years

Business challenges

"We are fairly new in Khar area and unfortunately came here during the pandemic. There is extreme competition in our vicinity today considering the old players.

I feel my business lacks the reach to customers in our vicinity which other businesses in my area have already established."

Transformation activities conducted:

- Established complete online presence
- Online store creation on Near.Store with deliveries
- Created Google business account & SEO for the same
- POS system with barcode scanning from Snapbizz
- Tie-up with Udaan & BigBasket

Mr. Yogesh Dale

Redz Collection (Apparel Store)

Location: Tibetan Market, Nashik
Age: 26 years, Size of store: 100 sqft.
Business Vintage: 6 years

Business challenges

"The complex where my shop is situated has over 200 similar retail apparel stores. This itself is a great competition for my shop. Also, most of them have started selling online as well which helps them generate more revenue, which my business lacks."

Transformation activities conducted

- Established complete online presence
- Assistance on brand visibility items
- Listing on E-commerce Platforms
- Customized POS system
- Customer engagement on Social Media & WhatsApp
- LED scrollers by Smartech
- Assistance in digital payments

Life at NeoGrowth

Our firm belief in the philosophy of 'Happy workforce - Productive workforce' is further strengthened by the unconditional support we received from NeoGrowthians, especially during FY 2020-21, where the entire world was struggling with the disruption caused by the pandemic.

Our people rightly demonstrated NeoGrowth's ethos of positive social impact and acted as our true brand ambassadors during these challenging times to ensure business continuity and sustained growth. We treasure their relentless contribution towards helping us achieve our corporate mission.

We attract, engage and develop the right talent, to nurture them as future leaders. To this end, we follow a comprehensive people engagement and development framework with initiatives arranged under 7 pillars namely, benefit, care, connect, learn, recognize, give-back and celebrate.

Zumba for giving back

We conducted Zumba session for our female colleagues and their families, to promote health and well-being. Our mutual understanding with the trainer led to the fees for the session being donated to NGO Sukrta, which works towards basic education and medical needs for kids of the underprivileged.

During FY 2020-21, we took up a multitude of people initiatives, some of which are highlighted as below:

Blood donation

7 pillars of people engagement

- NeoBenefit
- NeoCare
- NeoConnect
- NeoLearn
- NeoRecognize
- NeoGive-back
- NeoCelebrate

Employee Health and Safety

FY 2020-21 witnessed significant economic and social disruptions due to the pandemic. Health and well-being of our employees was our prime concern during these challenging times. We engaged closely with our people, starting with creating awareness and instilling a habit of wearing a mask, using hand sanitiser and following social distancing to keeping employee morale high during the difficult lockdown times. We facilitated our teams with measures like COVID-19 insurance cover, HR helpline and regular engagement by the management. Post relaxations to lockdown and employees resuming offices, **we introduced flexi-timing and Work from Home to maintain safety and social distancing guidelines.**

Under Neo Care, initiatives like 'Swasthya Chetna' mailer with weekly tips for health and fitness, 'Gyandhara' expert talk sessions on topics such as Polycystic ovary syndrome (PCOS), nicotine-free life, diet and nutrition, yoga, meditation, zumba, etc. were promoted to encourage well-being, reduce stress and create positivity at workplace. Contests like Walkathon and Fit and Fab challenge were conducted to promote healthy lifestyle.

Talent acquisition and onboarding

We have a zero-discrimination policy for hiring. Acquiring the right talent, at optimal cost led us to introduce Neo Ambassador – an employee referral programme. We focus on direct hiring via sources like Naukri and LinkedIn. Moreover, to provide career opportunity to in-house talent, we publish Internal Job Postings (IJPs) from time to time.

Our tech-and-touch approach provides us with distinct advantages in recruitment, as below:

Tech

Scorecard based screening for entry-level field executives, highly leveraged recruitment module in HRIS, social media for hiring, initial interviews over telephone/video call to optimise hiring effort, time and cost

Touch

Campus recruiting, HR Mitra

HR Mitra

To enhance candidate onboarding experience, we provide complete transparency with a unique concept - the onboarding team gets in touch with the candidate periodically to keep the engagement levels high and the hiring cycle intact. This helps us maintain a much better than industry candidate drop-out rate.

To provide a smooth onboarding experience, we provide all new joinees with welcome kit, checklist of requirements and SPOC contact details. A go to person in the form of an assigned 'Neo Buddy' and 'Prarambh' - Corporate Induction, along with 'Gurukul' - Functional Induction helps a new joinee to quickly settle down in the new role.

Women's Day celebration

Our new joiners are delighted with the quick turnaround time of

1	2	3
Within 3 days for decisions on hiring	Within 24 hours of joining getting their workstations ready	Within 3 days getting their ID card and visiting cards

Social distancing at work

Learning & Development (L&D)

Neo Learn, our robust L&D framework imparts behavioral, functional and compliance trainings through classroom, video conferencing, 'Swadhyay' - online learning management system (LeMS) and mobile app modes, to all our team members. We have over 80 training programs delivered using these modes.

We recognised Neo Learn Super Champions during the pandemic lockdown. 'Saksham' - Supervisory Development program, 'Sankalp' - support intervention for field-force that is struggling to meet the productivity norms are some of our important L&D initiatives. While L&D app has enabled on the go learning, to bring in a culture of Learn with Fun, we have added dimensions of gamification and strategy game simulation to many of our programmes. To help employees stay abreast with the latest developments in the industry, we sponsor employees to participate in industry body seminars, workshops and conferences.

Impact

20
Employees trained and certified for Tableau

₹10,000
Investment per employee p.a. on L&D

40
Average training hours per employee p.a.

People engagement

Neo Connect is our employee engagement initiative. Programmes like quarterly webinar with CEO, CEO Connect, mini-townhalls with leadership team, quarterly 'Samvaad', HR Connect help us keep the employees deeply engaged.

Structured outreach programme for new joinees to help in smoothly settling them and a regular feedback mechanism enables us to do course corrections, if required. For employees to come together informally in areas of common interests and hobbies, we initiated this year 'Abhiruchi' whatsapp groups in 10 areas such as cricket, music, cooking etc. We also kept the employees engaged with various contests such as hobby pics of the day, exercise/yoga, collage on COVID-19 safety tips and so on.

Purple day celebration

Under Neo Celebrate, various employee delight initiatives are undertaken such as celebrating national festivals. Work anniversaries, birthdays of employees and their family members are made special by sending warm wishes over a mail. Fun Fridays are conducted to bring an element of fun and frolic at workplace. Events like Women's Day and International Yoga Day are celebrated through contests, guest talks etc.

Monthly awards

Recognition

Neo Recognise is our employee recognition initiative, which includes Employee of the Month, Value Champion and Spot Awards. This year, we introduced ACE Award for teams managing cross-functional strategic projects, Most Valuable Player Award for mid management and Wall of Fame for top performers at each location. Additionally, we publish best practice video to recognise top performers in customer facing teams. To elicit innovative ideas from employees, we have Neo Ideas forum, where all ideapreneurs get recognised. Further, to drive thinking like leaders, we organise contests such as Think and Act like CEO for a Day. Apart from the above measures, we keep the motivation levels high by making people own the tasks, showing trust and encouraging them to take decisions independently.

Under Neo Benefit, we provide multiple benefits such as maternity and extended maternity leaves, paternity and bereavement leaves, options of VPF and NPS for financial planning, along with tie-ups for discounts on medicines, healthy food and free first medical counselling.

We again bagged the prestigious 'Great Place To Work' certificate for second consecutive year with our close engagement initiatives with our people.

BOARD OF DIRECTORS

Dhruv Kumar Khaitan

Chairman and Founder

Mr. Dhruv Khaitan (DK) is our founder and has been pivotal in guiding the leadership team, enabling NeoGrowth achieve its strategic goals. He has been a serial entrepreneur, involved in conceptualising, creating and scaling high technology ventures in India. He acted a strategic mentor, guiding these companies through various stages of their life-cycle, including start-up, growth, market leadership and eventual divestment to strategic buyers. Prior to chairing NeoGrowth's Board, he was the Chairman of Venture Infotek until divestiture to Atos Origin. He established an industrial automation start-up which evolved into a joint venture and eventually divested to Rockwell Automation, a Fortune 500 Company located in USA. Mr. Dhruv holds a master's from University of California, Berkley, USA and bachelor's degree in Electrical Engineering from MIT, USA and Physics from University of Kolkata. He is a philanthropist and along with his family, supports many cultural, spiritual and NGOs across India.

Piyush Kumar Khaitan

MD and Founder

Mr. Piyush Khaitan (PK) is our founder and a seasoned chief, who has founded numerous businesses and scaled up to highest levels of success, often with profitable divestitures. He is a visionary with over 30 years of expertise in fintech and payments industry, focusing on business leadership, payment processing, SME lending, corporate development, business operations, technology and strategy. Prior to NeoGrowth, Mr. Piyush has been founder and Managing Director of Venture Infotek and DEI, India's largest secured card personalisation bureau and founder chairman of the 'ePayments Focus Group' of the Smart Card Forum of India (SCFAI). Throughout his career, he has worked closely with card networks, RBI and Indian Banking Association in framing policies and giving direction to the payments industry in India. Mr. Piyush holds a bachelor's degree with honors from Mumbai University and successfully completed Small and Medium Enterprises Programme (SMEP) from IIM, Ahmedabad.

Mahesh Krishnamurthy

Investment Partner at Omidyar Network

Mr. Mahesh Krishnamurthy has a diverse experience of over two decades in investment management. His most recent stint was at True North, a highly successful private equity fund in India. Prior to True North, Mr. Mahesh worked for almost 20 years in the US in investment, management consulting and technology for Accelyrs, KT Venture Group, Idanta Partners, McKinsey and Honeywell. Mr. Mahesh is an MBA from Stanford University, an M.S. in computer science from the University of Wisconsin, Madison and B.Tech in computer science and engineering from the IIT.

Ganesh Rengaswamy

Co-founder and Partner at Quona Capital

Mr. Ganesh Rengaswamy, the co-founder and Partner at Quona Capital, is a seasoned entrepreneur and has been an impact technology venture investor across India, Asia and Silicon Valley. Prior to Quona, he was general partner at Lok Capital, a venture growth fund investing in social enterprises. He also served as Asia Director for Unitus Inc., a global organisation working towards reducing poverty by funding commercially sustainable solutions in financial inclusion. He is also credited with leading the India entry of Greylock partners, a Silicon Valley venture growth fund and is a co-founder of travelguru.com, Mr. Ganesh holds an MBA from Harvard Business School, USA.

Amit Mehta
Principal & Fund Manager
Private Equity at IIFL AMC

Mr. Amit Mehta has over 15 years of experience in investment management in India. Amit joined IIFL AMC in 2016 and is a member of the private equity team. In his current role, he is responsible for identifying and generating investment ideas in the financial services, consumer & healthcare sectors. He currently serves as a Director on the board of Kogta Financial, Northern Arc Capital and Happily Unmarried (Ustraa.com). Prior to IIFL AMC, he has worked with marquee private equity funds such as MayField Fund and Motilal Oswal Private Equity. He is an MBA from IIM Ahmedabad and B.Tech from LIT, Nagpur.

Michael Fernandes
Partner
LeapFrog Investments

Mr. Michael Fernandes is a partner at LeapFrog Investments, co-leading the firm's South and South-east operations. He has over 20 years of expertise in operations, consulting and investing. He has led several of LeapFrog's landmark deals, including IFMR Capital, Fincare and NeoGrowth in India and Reliance Capital, a local financial service player in Indonesia. Prior to LeapFrog, Michael was India Country Head for Malaysia's sovereign fund Khazanah Nasional, responsible to manage $700 Million of investments, including Yes Bank, L&T Finance and Uniquest and served on the boards of IDFC and Apollo Hospitals. He also led $250 Million global custom manufacturing business for Piramal Healhtcare Group and was a partner at McKinsey & Co. where he was leading the healthcare and consumer services sectors across South and South-east Asia, working out of UK, Singapore, Israel, and South Africa. Mr. Michael has an MBA from IIM, Calcutta and a B.Sc. in Economics from St. Xavier's College, Kolkata.

Pranav Kumar
Director
LeapFrog Investments

Mr. Pranav Kumar is a member of LeapFrog's Asia team for sourcing, evaluating and managing investments across South and South-east Asia. He has over nine years of experience in private equity investments, management consulting and development financing. Prior to LeapFrog, Mr. Pranav worked with World Bank Group, based in Singapore, managing strategy and design of investment funds and was an Engagement Manager at McKinsey & Co., India's leading strategy and business transformation teams for banks, insurance and NBFC projects. Mr. Pranav has an MBA from IIM, Ahmedabad and B.Tech in Computer Science and Engineering from IIT, Bombay.

Bindu Ananth
Independent Director

Ms. Bindu Ananth is the Chairperson and Co-Founder of Dvara Group of Companies. She has over 20 years of diverse experience in leadership, strategising and governing in financial services industry. Prior to Dvara, she worked with ICICI Bank for about seven years and founded the microfinance practice and headed the new product development at the rural banking group. Ms. Bindu has been a member of the Taskforce of the Insolvency and Bankruptcy Board of India since 2017 and Advisory Boards of Columbia University's India Initiative and Consultative Group to Assist the Poor (CGAP). She was also a member in 3 RBI Committees earlier and also Government of India's High-Level Committee on Women in 2014-15. She has coedited "Financial Engineering for Low-Income Households", a book published by SAGE and in the Economic and Political Weekly, OECD Trade Paper Series and Small Enterprise Development Journal.

Ms. Bindu has a master's degree from Institute of Rural Management (IRMA) and Harvard University and an undergraduate degree in Economics from Madras University.

LEADERSHIP TEAM

Arun Kumar Nayyar
Chief Executive Officer

B Ravi Kumar
CFO & Company Secretary
(Retired on June 10, 2021)

Deepak Goswami
Chief Financial Officer

G.K. Shettigar
Senior Vice President
- Treasury

Sorabh Malhotra
Senior Vice President -
Collections and Credit

Sachin Bawari
Senior Vice President -
Risk, Credit Policy and
Internal Controls

Amol Mohan Deherkar
Senior Vice President
- Corporate Strategy,
Marketing, Analytics and
Product Innovation

Manmeet Singh Sawhney
National Sales Head

Vamsikrishna Ithamraju
Senior Vice President -
Engineering and Technology

Manish Harish Doke
Head - FI Business

Vivek Sapre
Senior Vice President -
Corporate Affairs and
Human Resources

Mansi Mittal Kumar
Director – Products

Yogesh Suresh Nakhwa
Vice President - Operations &
Business Excellence

Argho Prateep Chatterjee
Vice President -
Business Alliances

AWARDS AND ACCOLADES

Best Marketing Campaign of the year by Mobile World Congress, 2020

Diamond award in the category of outstanding employee engagement strategy in HR distinction awards 2021

Best Financial Tech by Entrepreneur India, 2020

Soonicorn by Tracxn – Top alternative lending Tech Startups 2020

Great Place to Work Certified Company

Best Financial Tech – India Digital Enabler Awards 2020

MANAGEMENT DISCUSSION AND ANALYSIS

ECONOMIC REVIEW

1.1 GLOBAL ECONOMY AND OUTLOOK

2020 was an unprecedented year. It started with the pandemic, which continued throughout the year and spilled over to 2021, as well. The disruption from COVID impacted lives and jobs of millions of people. Lockdown and social distancing were the new normal. Economies came to a halt, supply chains were disrupted.

As per the World Economic Outlook's April 2021 edition, IMF expects that the global economy contracted by 3.3% in 2020. The IMF predicts rebound in 2021 and 2022, with GDP projected to grow at 6% and 4.4%, respectively. Due to new mutants and new waves of the virus across the world, the outlook for the year appears to be uncertain. However, there is expectation of a vaccine powered recovery and policy support from large economies, which led the IMF to revise its earlier forecast by 0.3%.

Governments supported the economies with stimulus measures and encouraging private investments. Central bank's support played a key role through asset purchase programmes, funding-for-lending facilities and interest rate cuts. The pandemic is expected to reverse the progress made in the past two decades in terms of poverty reduction. Over 90 Million people are likely to fall below the poverty line during 2020-21.

The outlook could have exacerbated, if not for the aggressive monetary, fiscal and financial policies that were quickly adopted by many economies. Bankruptcies were kept at bay with credit guarantees and lending for funding programmes.

Region-wise contribution

Country/Region	Estimate	Projections	
	2019	2020 (P)	2021 (P)
World Output	–3.3	6.0	4.4
Advanced Economies	–4.7	5.1	3.6
Emerging Market and Developing Economies	–2.2	6.7	5.0

(Source: IMF, World Economic Outlook, April 2021)

1.2 DOMESTIC ECONOMY AND OUTLOOK

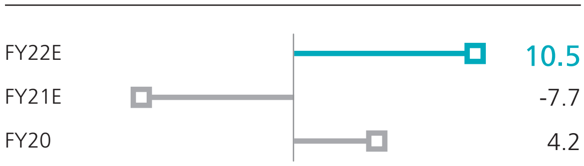
In India, FY 2020-21 started with the lockdown, which extended till June 2020. Post which, India opened for business. However, the pace of unlocking was gradual and uncertainties from the pandemic resurfaced. The year 2021 was off to a good start, with vaccination drive raising hope for the Indian economy to grow at double digits. A recent announcement by the Reserve Bank of India (RBI) estimated Indian GDP to grow at 9.5% for FY 2021-22. This indicates a strong rebound from an estimated contraction of 7.7% during FY 2020-21.

High-frequency indicators such as GST collections, Index for Industrial Production (IIP), Purchasing Manager's Index (PMI), energy demand, steel and auto sector sales suggest that India's economic activity is closer to the pre-COVID levels. This recovery was a result of numerous policy measures by the government, supported by liquidity enhancement measures announced by RBI. These included stimulus to the extent of 10% of the entire GDP, liquidity boosting measures, aggressive policy rate cuts, moratorium and time-bound resolution for specified sectors.

The Government accelerated these efforts with initiatives such as encouraging MSMEs, higher budgetary allocation towards infrastructure, production-linked incentives and vocal for local schemes of Atmanirbhar Bharat Abhiyan, besides tax, labour, and land reforms, insolvency and bankruptcy code to attract more investments for long-term productivity enhancement.

During March 2021, the Consumer Price Index (CPI) stood at 5.52%, moderating significantly from 7.22% estimated in April 2020, signifying regaining of momentum in the economy. There was also a significant rise in employment, as unemployment declined from 23.52% in April 2020 to 6.52% in March 2021, when the number of people unemployed were 43.8 Million. India also initiated the world's largest vaccination drive and provided immunity to millions of people from the infection. This raises hope against the more devastating second wave of the pandemic, which has spread in India since March 2021.

India GDP Growth (%)



E – Estimate

Source: Ministry of Statistics and Programme Implementation (MOSPI), RBI

INDUSTRY OVERVIEW

2.1 NBFC

Over the last decade, NBFCs have witnessed phenomenal growth. In the last five years alone, balance sheet of NBFCs (including HFCs) has more than doubled from ₹ 20.72 Trillion (2015) to ₹ 49.22 Trillion (2020). Lower transaction costs, quick decision-making, customer centricity and prompt provision of services have typically differentiated NBFCs from banks. NBFCs have served the non-banking customers by pioneering into retail asset-backed lending, lending against securities and microfinance. NBFCs aspire to emerge as a one-stop shop for all financial services.

Source: IBEF, RBI

2.1.1 Impact of COVID on NBFC

The asset quality of NBFCs deteriorated as slippages increased during 2019-20. RBI reports that the impairment in asset quality intensified during FY 2020-21 (upto September 2021). The GNPAs for NBFCs grew from 6% in 2019 to 6.6% in 2020. Asset classification reveals that while the composition of standard assets remained almost constant from 93.49% in March 2020 to 93.28% in September 2020, the doubtful assets increased from 2.43% to 2.91% during the same period.

The pandemic has motivated the industry to reconsider its operating model and client acquisition strategy. Digitisation and automation have taken centre-stage. With an increased focus on the Micro, Small and Medium Enterprises (MSME) and retail segments, financial institutions have discovered novel ways of delivering financial services to their customers. Newer digital lending products introduced by fintech players have been willingly embraced by customers, thereby creating disruption, especially around client acquisition and retail lending products. A seamless customer journey has emerged as the ultimate aspiration for the industry. The introduction of digital lending products primarily entails self-service applications supported by back-end processing of applications on risk rating processes. Digital payments helped in business-to-business (B2B) transactions and pushed the adoption of e-commerce.

2.1.2 Key Initiatives and guidelines launched by the RBI to support NBFCs

The 'On Tap Targeted Long-Term Repo Operations (TLTRO)' scheme, announced by RBI for NBFCs towards incremental lending, is expected to usher in adequate liquidity for NBFCs. The new co-lending guidelines would provide greater operational flexibility to the lending institutions. The revised scheme's primary focus, rechristened as the Co-lending Model (CLM), is to improve credit flow to the unserved and underserved sector of the economy. It also aims to make available funds to the ultimate beneficiary at an affordable cost, considering the lower cost of funds from banks and a greater reach of the NBFCs. These measures aimed at improving the liquidity of NBFCs will help the sector brace the impact of the pandemic.

2.1.3 Industry Trends in Commercial Lending

As of September 2020, the total on-balance sheet Commercial Lending exposure in India stood at ₹ 71.25 Trillion, a growth of 2.1% YoY, with the MSMEs constituting ₹ 19.09 Trillion, a YoY growth of 5.7%. Micro Loans (credit exposures less than ₹ 1 Crore) and SME Loans (Credit exposures ₹ 1 Crore – ₹ 25 Crore) have shown growth on YoY basis, whereas there is 0.7% of YOY growth in large (> 50 Crore) segment.

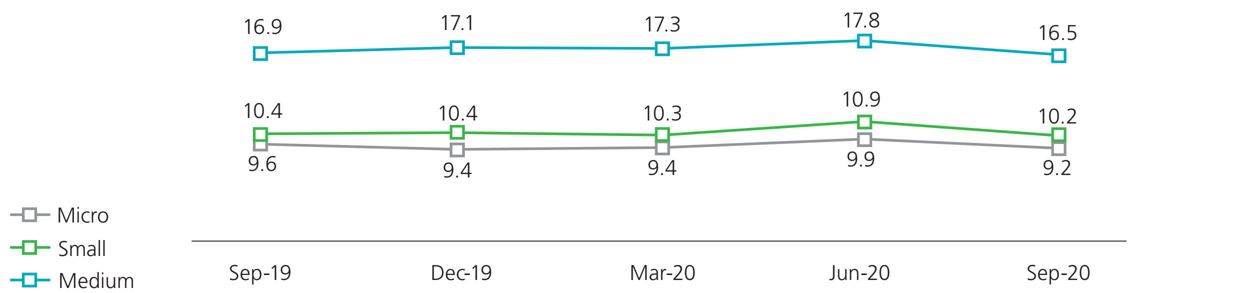
Balance Sheet Commercial Credit Exposure

Partial List of Lenders	Very Small <₹ 10 Lakh	Micro 1 ₹ 10-50 Lakh	Micro 2 ₹ 50 Lakh – 1 Crore	Small ₹ 1 Crore- 10 Crore	Medium 1 ₹ 10 Crore- 25 Crore	Medium 2 ₹ 25 Crore- 50 Crore	Large > ₹ 50 Crore	Overall
Sep'19	0.89	2.20	1.47	7.25	3.47	2.78	51.50	69.57
Dec'19	0.92	2.23	1.50	7.33	3.48	2.77	51.49	69.73
Mar'20	0.93	2.19	1.45	7.02	3.33	2.62	52.03	69.58
Jun'20	0.93	2.27	1.51	7.39	3.55	2.80	53.46	71.92
Sep'20	0.94	2.34	1.57	7.68	3.68	2.89	52.17	71.25
YoY growth	7.0%	9.0%	8.0%	6.2%	5.6%	3.6%	0.7%	2.1%

Source: MSME Pulse, February 2021

The overall NPA rates for commercial lending were stable till June 2020, and reduced across all the segments in September 2020. The reason for lower NPAs is higher credit supply since ECLGS. Within MSMEs, NPAs are higher for large ticket sizes. In September 2020, NPAs stood at 16.5%, 10.2% and 9.2% for Medium, Small and Micro enterprises respectively.

Exhibit 16: Segment-Wise NPA Rate (%)



2.1.3 Key growth drivers

India has a huge proportion of un-banked and underbanked consumers and businesses. Hence, there is a greater potential for NBFCs, which can still be tapped for future growth.

- Rising digitalisation boosts business for digital-first and technology-focused NBFCs
- Increasing demand from the Micro, Small and Medium Enterprise (MSME) segment and catering it with new and dynamic operating models
- Synergistic alliances with fintech companies to tap niche markets, with customised product offerings
- Accessing new customers and cheaper funding sources by developing a viable co-lending business model
- Tapping into the fast-growing e-commerce segment
- Diversifying assets by targeting new profitable segments and developing the capabilities required to serve those segments
- Increasing fee income through advisory services
- Using advanced analytics, artificial intelligence and machine learning to build propensity models for lead generation, making real-time offers available to sales representatives by using customer data from multiple internal and external sources

2.1.4 Outlook

The NBFCs and HFCs are being recognised as being vital for the growth of Indian economy. NBFCs are here for the long-term and play an important role in economic growth and financial inclusion.

As India's economy grows, the requirement for credit will rise more than proportionately. We need both banks and NBFCs to rise to the occasion and power the economy with free-flowing credit lines. NBFCs with robust business models, strong liquidity mechanisms, governance and risk management standards are poised to reap the benefits of this market opportunity.

NBFCs that are well capitalised and ready with their business continuity and contingency plans can quickly bounce back in the post COVID era. With proper planning and strategic initiatives, NBFCs can limit and overcome the impact of this disruption.

2.2 MSMES

MSME sector in India is the second-largest employment generator after agriculture and acts as a breeding ground for entrepreneurs and innovators, with considerable support in strengthening the business ecosystem. The estimated number of MSMEs in India is 63 Million and employs 110 Million individuals, contributing to over one-third of India's GDP. Indian MSMEs produce more than 6,000 products for local and global consumption. These statistics highlight the importance of MSMEs as the backbone of Indian economy.

2.2.1 Impact of COVID on MSME

Survey reports have shown that disruptions caused by the pandemic have impacted MSMEs earnings by 20-50%*. Micro and small enterprises were worst impacted, mainly due to the liquidity issues. MSMEs present in remote areas also faced many difficulties due to the interrupted supply chain systems and intrastate lockdown provisions. Some enterprises innovated their ways by shifting focus from non-essential commodities towards essential commodities and were better off in terms of interrupted, but predictable cash flows.

(*Source:timesofindia.com)

MSME sector has been through an unstable ride in the year 2020. While COVID impacted business activity, a solid response from the Government and RBI provided relief to help them stabilise. RBI widened the scope of MSMEs based on turnover, launched Emergency Credit Line Guarantee Scheme (ECLGS), moratorium, restructuring, stressed MSME scheme and current opening guidelines. Credit Growth to the MSME sector witnessed a sharp rebound with 5.7% YoY growth in September 2020 on the government's significant policy stimulus, including ECLGS. Commercial credit enquiries have bounced back and maintaining pre-COVID levels. Approval rates have surpassed pre-COVID levels on the back of a 100% guarantee scheme.

(Source: TransUnion CIBIL: MSME Pulse-Feb 2021)

2.2.2 Government's fiscal measures for the MSMEs

The Government of India announced the ₹ 20 Trillion package, the focus of which is to make India self-reliant by developing and strengthening local supply chains. During the lockdown, the importance of local supply chains and retailers came to highlight. Dedicated announcements for the MSMEs to infuse liquidity, included ₹ 3 Trillion collateral-free loans, ₹ 50,000 Crore equity infusion for MSMEs through Fund of Funds and liquidity relief measures worth ₹ 30,000 Crore for NBFCs, HFCs etc.

2.2.3 Outlook

The long-term growth prospects of the MSME sector remains positive despite being severely impacted by the COVID pandemic. The benefit of various relief measures, policies, and programmes of state and the central government aim to encourage MSMEs' vertical growth. The Government of India's reform measures will help to fast-track the sector's recovery and revival. 'Vocal for Local', an effort to further boost products made in India, will provide a much-needed growth stimulus for the sector. Additional measures such as focus on infrastructure and Production-Linked Incentives (PLI) for manufacturing sector are expected to boost derived demand for MSMEs, supplying various ancillaries to the core industries.

BUSINESS REVIEW

3.1 OPERATIONAL PERFORMANCE

FY 2020-21 was a challenging year for the NBFCs, due to the impact of COVID. The first half of 2020 was mostly spent in lockdown. During this period, we did not make any fresh disbursements. Our AUM witnessed a minor dip by 1.27% from ₹ 1,340 Crore in FY 2019-20 to ₹ 1,323 Crore in FY 2020-21.

New product launches

We launched four new products during FY 2020-21 and 1Q FY 2021-22, with two each in the retail and B2B segments.

- NeoCash Insta – Collateral-free loans upto ₹ 1 Lakh, with minimal documentation, instant online approval and disbursal within 24 hours.
- Online seller finance – New product for e-commerce vendors, selling on online marketplaces
- Vendor Finance Express - Launched in FY 2020-21, these are small-ticket, quick turnaround loans to manufacturers/ suppliers of large corporates. These loans have fixed repayment tenor, frequency and instalments.
- NeoCash Plus – Longer tenured loans for retail customers, with property as collateral
- Vendor Finance Plus – Longer tenured loans for B2B segment (manufacturers/suppliers) of large corporates, with property as collateral

New funding initiative

During FY 2020-21, we concluded a maiden partial guarantee-backed multi-issuer term loan transaction.

Branding and marketing

During FY 2020-21, we signed up cricket sensation Ajinkya Rahane as our brand ambassador. Our campaign with him revolved around 'Keeping it Simple', with an objective of building brand awareness and enhancing brand recall for NeoGrowth amongst customers and other stakeholders.

Sanjivni

Designed to empower customers during the pandemic, with expert education and inspiring stories. Success stories from such individual customers were shared, so that customers can learn from the experiences of each other.

Higher customer engagement levels

During FY 2020-21, we introduced customer engagement initiatives such as Business Chanakya, Back2Business campaign and undertook specific communication targeting niche industries.

Digital push

During FY 2020-21, we focused on enabling digital capabilities for our customers. The objective was to provide a fillip to their businesses, as the pandemic made our customers realise the importance of going digital. A new platform – DiGibizz was launched to handhold the customers, collaborate with industry-leading enablers and provide practical solutions for the customers to undertake their digital journey.

3.2 FINANCIAL PERFORMANCE

The analysis of major items of the audited Standalone financial statements is summarised below:

Particulars	2020-21 (₹ In Crore)	2019-20 (₹ In Crore)
Revenue from Operations	331.2	335.6
Other Income	2.0	1.5
Total Income	333.1	337.1
(Less) Finance costs	135.7	113.2
Net Interest Income	197.4	223.9
(Less) Operational Costs	104.6	116.1
(Less) Loan losses and provisions*	127.3	92.4
(Less) Depreciation and amortization	9.7	10.1
Profit / (Loss) Before Tax	(44.2)	5.4
(Less) Tax Expenses / (credit)	(14.1)	8.4
Net Profit / (Loss)	(30.1)	(3.0)

- Previous year numbers are based in Ind AS Financial statements.
- Including loan losses for COVID-19 impact as Management Overlay of ₹ 500 Lakh

Net worth and Key Ratios

Particulars	As on March 31, 2021 (₹ In Crore)	As on March 31, 2020 (₹ In Crore)
Net worth	354.5	383.0
Debt/Equity Ratio	3.67	2.81
Capital Adequacy Ratio (%)	22.73	26.28
Operating cost/NIM (%)	10.20	12.50

Net Worth excludes the "Other Comprehensive Income" shown as part of "Other Equity"

3.3 RISK MANAGEMENT

Risk management is an integral part of our business strategy. The Risk Management philosophy at NeoGrowth focuses on maximising risk adjusted returns i.e. optimising risk relative to the revenues and targeted profitability.

3.3.1 Pillars of our risk management policy

- Robust customer selection methodology using risk gradation scorecards.
- Pro-active portfolio monitoring (including detection of early warning signals) and course corrections, wherever required.
- Leveraging Technology and Analytics to monitor, detect, collect and improve the selection framework.
- Multi-pronged collection strategy through automated collections, payment reminders, strong collection field force and backed by an able litigation team.

Each of the above pillars are supported by predictive and prescriptive analytics, resulting in sharper customer selection, deeper understanding of customer behaviour and focused collection strategies. Agility in implementing relevant risk solutions basis the emerging scenarios is also an important element of our risk management strategy.

Our response to managing portfolio risk during this challenging year was proactive and also dependent, basis the developing situation and its possible impact.

During Lockdown (March – May 2020)

Active customer engagement and communication strategy with tele-calling, SMS and email campaigns, serving multiple purposes was undertaken :

- Establishing contact
- Expressing our support to the customer
- Providing industry-specific advisory to manage finances
- Facilitating intermittent payments in a frictionless manner, whenever customers were in a position to pay.

Post Unlock (June – August 2020)

Continuation of customer engagement at a deeper level, with physical visits. This helped validate

- Resumption of business activities
- Degree of impact of lockdown on business
- Where impacted, offering a customised solution (Sanjivni scheme) for each customer

Resumption of Normal Business (September 2020 onwards)

- Calibrated resumption of lending through higher selection thresholds, to select resilient and healthy borrowers.
- Expansion of product offering.
- Specific focus on retailers with significant online presence and businesses with supply chain linkages to large corporates.
- Higher intensity of digital modes of processing, with clear focus on superior customer experience and risk management

Additionally, we have created adequate credit cost provision reserves to factor in the portfolio impact of the pandemic, as well as to stay adequately insulated from future economic variations.

Our risk management is enhanced with the following aspects during

- Pre-Origination

  Enhanced scrutiny of potential borrowers, using proprietary scorecards and online assets for financial, transactional and reputational information
- Post-Origination
  - Real-time monitoring using technologies, such as risk and collections datamart
  - Agility using the above assets, that are relevant, timely and customised, increasing their probability of success

GOVERNANCE

Integrity and quality of governance are key to good health and robustness of a business. We at NeoGrowth, provide the highest degree of importance to governance and endeavour to lay down best corporate governance practices. The proposed new Supervisory framework suggested by the RBI for NBFC sector also gives emphasis to greater governance and compliance structure for NBFCs in line with Banking standards. We believe governance today plays a very vital role in our growth.

Please refer to Directors' Report on page 48 for more information.

COMPLIANCE

FY 2020-21 has witnessed various regulatory changes and reforms in the NBFC regulations like COVID-19 moratorium guidelines and relief measures for our MSME Customers. We have managed to navigate these challenging times, without diluting any of the compliance and governance standards, while ensuring the business growth. We constantly endeavour to raise the bar for regulatory compliances and governance metrics.

Please refer to Directors' Report on page 57 for more information.

HUMAN RESOURCES

NeoGrowth's people strategy is 'To drive competitive advantage through purposeful direction and positive workplace'. We recognise that employees are our biggest assets to realise our corporate objectives. Therefore, we have always emphasised on right talent acquisition, and their learning and development, so that they develop the right organisational capabilities. True to the spirit of being a fintech player, we leverage data and technology for talent acquisition as well. To minimise manual intervention, we deploy a recruitment module in HRIS. Also, to make our candidate screening less subjective and more data driven, we utilise scorecard-based tool for screening the profiles of entry level field-force. Furthermore, the emphasis is given to substantial employee engagement and benefits to keep them highly motivated at work. To this end, we follow a structured engagement and development framework with initiatives arranged under 7 pillars namely Neo Connect, Neo Recognise, Neo Learn, Neo Benefit, Neo Celebrate, Neo Care and Neo GiveBack.

Please refer to Directors' Report on page 53 for more information.

ASSET LIABILITY MANAGEMENT

We have a strong borrowing profile, comprising a mix of domestic and overseas institutions

Partial List of Lenders	Country	Instrument	Tenor	Sanctioned Exposure (₹ Crore)
DFI				
FMO [3 Transactions]	Netherlands	NCD	4 yrs	199.0
Proparco (AFD Subsidiary)	France	ECB	5 yrs	118.9
Small Industries Development Bank of India (SIDBI) [2 Transactions]	India	TL	2 yrs	20.0
FPI				
Blue Orchard [3 Transactions]	Switzerland	NCD	3-5 yrs	195.6
ResponsAbility [3 Transactions]	Switzerland	NCD	3-5 yrs	170.0
Symbiotics [2 Transactions]	Switzerland	NCD	3-4 yrs	96.0
MicroVest	USA	ECB	3 yrs	42.5
Developing World Markets – DWM [2 Transactions]	USA/Netherlands	NCD	3 yrs	64.5
Triodos	Netherlands	NCD	6 yrs	31.0
Triple Jump	Netherlands	NCD	6 yrs	31.0
Domestic Institutions				
RBL Bank (USIDFC Guarantee backed)	India (USA)	TL	5 yrs	32.0
RBL Bank	India	CC	-	15.0
Indian Bank	India	CC	-	25.0
HDFC Bank	India	OD	-	23.8
ICICI Bank	India	OD	-	5.0
Nabkisan Finance (NABARD Subsidiary)	India	TL	3 yrs	20.0
Others domestic high rated NBFCs	India	TL / NCD	2 - 3yrs	133.0

Glossary: NCD – Non Convertible Debenture, ECB – External Commercial Borrowing, TL – Term Loans, CC – Cash Credit, OD - Overdraft

We have a robust, Board approved Liquidity Risk Management (LRM) policy in place, which also covers the Asset Liability Management (ALM) framework. The LRM Policy meets the following objectives:

- Defining Organisation structure for the LRM and ALM framework
- Design of the LRM information systems
- Process for assessing liquidity risk, interest rate risk and short-term liquidity risk
- Identification and measurement, on a consistent basis, of the liquidity risks and interest rate risks to which we may be exposed
- Identification of risk mitigation strategies to be adopted
- Establishing guidelines to meet various applicable regulatory rules and statutes

While the overall Asset-Liability Management at the Board level is entrusted with the Audit Committee members, at the strategic policy level, the execution is managed by the Asset Liability Management Committee (ALCO), comprising the Managing Director, Chief Executive Officer, Chief Financial Officer, and the Senior Vice President – Treasury. The ALCO has further constituted an ALM Support Group (ASG) and delegated a few of the responsibilities and authority to the ASG to execute the stated policies.

By virtue of our strategy of borrowing for longer tenor, despite having a shorter maturity loan portfolio (average tenor of loans and advances at 21 months, compared average tenor of borrowings at 35 months), our ALM remains robust and cumulative positive even in case of 50% stress on inflows upto one year.

We have a strong business model built on prudent fundamentals and astute borrowing policy of not carrying any negative ALM gaps, and ability to withstand stress. During the period of COVID pandemic, we offered moratorium to all our eligible customers, but did not avail moratorium from any of our lenders. Despite this action, we have been able to maintain positive cumulative gap in the ALM due to our conservative policy of ensuring longer average tenor of borrowings compared to advances.

During FY 2020-21, we have diversified our sources of borrowings by adding new types of lenders, establishing new banking relationships and borrowing through innovative on-balance sheet and off-balance sheet structures.

At the same time, we have always maintained prudent liquidity buffers under the guidance of the ALCO and Board, in the form of investments in liquid and overnight schemes of mutual funds and bank fixed deposits. As on March 31, 2021, the total liquidity on the balance sheet (including undrawn bank lines) was at ₹ 312.61 Crore (which has been strategically augmented during the COVID crisis from ₹ 165 Crore as on March 31, 2020).

TECHNOLOGY

We use technology to parse one year of digital bank statement data and gain insights into daily card-based sales for the last 365 days. We then use proprietary algorithms to build predictive models into the future sustainability and growth of the business. This helps us determine the eligibility for loans, and also create a bespoke offering in terms of loan amount, tenure and pricing. We have also developed APIs into other permission-based rich data sources such as the credit bureaus, GST data, merchant acquiring databases etc. Our platform analyses data from these sources, both at the time of loan underwriting, and on an ongoing basis (sometimes even daily) during the lifetime of the loan. Even the repayment of our loans is based on a daily repayment model, where the amount repayable to us is remitted directly by the card acquiring bank to NeoGrowth. This is only possible because of our digital interfaces with the banks, and thanks to Advance Suite, our proprietary Loan Origination System (LOS) and Loan Management System (LMS) which is purpose built for NeoCash, our unique loan product.

8.1 DIGITAL ASSETS AT NEOGROWTH

8.1.1 Sales App

We have an Android and iOS enabled mobile application which is used by the sales team for sourcing and tracking loan application. The key benefits are outlined below

- Customer Acquisition Manager (CAM) can easily create a lead and record his visits to the customer
- On-board the customer by filling in the application form
- Auto-population of fields
- Upload and digitise documents easily at source
- Remain updated with notifications on status change
- Check the loan progress
- Dashboard to access the entire analytics of leads and their status in AS
- Enables lead assignment from CRM to CAM
- CAM can change lead status in CRM from Sales App Integration with Perfios for instant bank statement analysis
- Tracking of active cases with rate of interest, processing fees, disbursements till date

8.1.2 Customer App

We launched a mobile app on both Android Playstore and Apple Appstore for customers in FY 2020-21.

Existing Customers

- Track and manage loan account 24x7.
- Customers with limit accounts can raise request for funds.
- Instant access to statements, loan certificate, interest certificate and repayment schedule
- Digital repayments using Rupay debit card, netbanking and UPI

New Customers

- Capture interest and allocate to sales team for fulfilment.
- Digital onboarding planned in FY 2021-22 to improve direct customer sourcing

8.1.3 Younite Portal for Direct Selling Agents (DSA)

We have an extensive online portal for our channel partners (DSAs), the key benefits of which are outlined below:

- To generate higher leads and conversions
- To streamline process of payouts to DSA
- For transparent lead status dissemination to DSAs – easy lead tracking and monitoring
- For accurate data capture during DSA empanelment

8.1.4 Alliances Portal

We have built an online portal for managing our network of alliance partners. The major features and benefits of this portal includes

- To generate higher leads and conversions through alliance partners
- To minimise journey breaks during lead transmission from alliance partners
- For transparent lead status dissemination to alliance partners – easy lead tracking and monitoring
- Live Partners integrated with alliance portal – Paisabazaar, Ftcash, Bijlipay, Bajaj Markets, Meesho, CoinTribe, etc.

8.1.5 Merchant Portal

We have a portal exclusively designed for our customers, where the merchants where they can login and get all the loan related information and raise queries. The key benefits are

- Customer logins to the portal to access his account
- Features include loan statement, interest certificate, repayment schedule
- Customer can make payments and raise any query for support or complaint

8.1.6 AdvanceSuite

Advance Suite (AS) is our custom-built loan originating and management system at NeoGrowth. The AS tool helps to keep a complete track of the entire loan cycle from login to disbursement. The key features are

- Enables tracking of loan from login to disbursement

- Repository of end-to-end customer information with application ID, deal details, documents, credit assessment details, KYC, financial and bank statements, sanction letter, loan agreement, etc
- Generates repayment schedule for the loan account
- Supports multiple loan products
- Ensures secured storage of customer information

Advance Suite also directly interfaces with our Data Warehouse, which is a critical repository of all data sources and serves as a 'single source of truth' for all management reporting and 'Deep Analytics'. We use Deep Analytics extensively to continuously tweak and evolve our credit risk models in tune with changing market conditions and macro-economic scenario.

8.1.7 Paylater Limit Management System (PLMS)

PLMS is a loan management system custom-built for limit-based products. The key features are

- Tracking of limit utilisation from activation till closure
- Processing of requests for funds raised by customer using the customer app / merchant portal.
- Generate statement where interest is calculated at pro rata for all account at the end of the month.
- Supports dynamic limit updation at end of month, basis business rules.
- Real time repayment allocation to ensure maximum limit availability at all times to customers.

8.1.8 SuiteCRM

SuiteCRM is a software that records all interactions with potential customers from a sales aspect and existing customer from a servicing aspect. It has a robust helpdesk/ticketing functionality with configurable SLAs for various categories, escalation matrices and communication triggers. The system ensures that customer queries and complaints are closed in an appropriate time with a satisfactory resolution.

It also caters to sales workflow as all lead information flows into this system from our various partner portals and lead forms. SuiteCRM is also integrated with AdvanceSuite, our LMS, which enables it to show statuses of all leads in the Sales App, Alliance Portal and Younite Portal. The CRM acts as bridge for all leads coming to the NeoGrowth ecosystem and all of its systems, such as the Sales App and the Partner Portals.

8.1.9 ENCollect

ENCollect is a collection management software used for managing delinquent accounts. The system enables the following:

- Rule-based allocation of delinquent accounts
- Issuance and tracking of digital receipts – from the time of issuance of the receipt to the time of the repayment
- Recording all collections feedback
- A mobile-app for field agents for instant recording of customer interaction feedback, collecting money, and customer account views

All collections feedback, repayment history and behaviour flows into our Data Warehouse for further analytics.

8.1.10 Banking Score Card (NeoScore)

An in-house proprietary algorithm for scoring the bank statements of a loan applicant, which helps make better lending decisions with a 360 degree understanding of the customer. NeoScore leverages the power of the transactional data in a customer's bank statement to identify the areas of strengths and weakness for creditworthiness.

INTERNAL CONTROLS

Our internal controls framework is designed to ensure appropriate safeguarding of assets, maintaining accurate accounting records, and providing reliable financial information and other data to our stakeholders. This system is supplemented by internal audit, reviews by the management, and documented policies, guidelines, and procedures. We believe that a strong internal controls framework is an important pillar of Corporate Governance. We have a well-defined organisational structure, authority levels and internal rules and guidelines for conducting business transactions. We intend to undertake further measures, as necessary, in line with our intent to adhere to procedures, guidelines and regulations, as applicable, in a transparent manner.

We have a high focus on internal controls to protect our business from the various risks emerging from our operating environment. These risks may arise due to transactional errors and may result in legal, reputational or financial impact. We ensure adequacy of internal controls with

- Maintenance of clear, detailed and updated operating procedures with Standard Operating Procedure (SOP) documents
- Rigorously monitoring the adherence of these procedures through
  - Process level self-certifications and 3rd party certifications such as ISO, ISMS and so on
  - Independent audits by external auditors with high expertise and repute
- Continuously improving processes and controls, basis monitoring results, aided by technology

DIRECTORS' REPORT

To
All Members,

Your Directors have pleasure in presenting the Ninth Annual Report of your Company with the Audited Financial Statements for the financial year ended 31st March 2021.

ECONOMIC ENVIRONMENT:

The Global economy got severely impacted by the spread of COVID-19 and India was not alone.

According to the NSO data released, the country's GDP slipped 24.4% in Q1 FY 2020-21 ended June, the worst among G20 countries due to the strict nationwide lockdown which impacted the service industry the most. After two consecutive quarters of contraction, India's gross domestic product (GDP) in the third quarter of FY 2020-21 grew marginally at 0.4% and by 3.1% in the fourth quarter of FY 2020-21, with the provisional GDP effectively shrinking ~8% for the full fiscal year.

The International Monetary Fund (IMF) has forecasted growth for Indian economy at 12.5% for FY 2021-22, the highest among emerging and advanced economies. India is the only country expected to register a double-digit growth this fiscal. A high degree of uncertainty surrounds IMF's projections but faster progress with vaccinations can uplift the forecast, while a more prolonged pandemic with virus variants that evade vaccines can lead to a sharp downgrade.

On the monetary policy front, the RBI through various policy measures and liquidity injection has been quite successful in preserving the financial stability of the economy. During economic crises, a well-designed expansionary fiscal policy stance can contribute to better economic outcomes in two ways. First, it can boost potential growth with multi-year public investment packages that raise productivity. Secondly, the multi-year nature of public investments would contribute to credibly lifting growth expectation. According to the IMF's forecast, Consumer Price Index (CPI) in India will grow to 4.1%. In the next four years the inflation rate is expected to stabilise at around 4 percent.

Encouraging recovery in IIP data indicates manufacturing growth on track across all core industries. The loosening of COVID-19 restrictions combined with an improvement in market conditions and a pick-up in demand supported increase in production during the second half of FY 2020-21.

GST Collections trend continue to be above ₹ 1 Trillion indicating the unlock process and various relief measures announced by the government helped address issues faced by the businesses amid the pandemic. GST Collections touched an all-time high of ₹ 1.24 Trillion in March, 2021.

E-Way Bills trend is outperforming the Pre-Covid period showcasing resumption in economic activity across the country.

The economy is on a path to recovery with demand moving from being pent-up to actual in nature. Government initiatives have guided the economy towards normalisation and the Budget 2021 has set the course for revival. The vaccination drive in India is gaining ground, and paired with restarting of business activity, the economy is expected to perform better in the second half of the year. The first half of the FY 2021-22 is likely to be sluggish due to the negative impact of several local lockdowns due to the severity of second wave of covid.

The banking and non-banking financial company (NBFC) sector in India has witnessed significant market driven and regulatory events in the last decade. Cumulatively, these have had a profound impact on the industry.

The TLTRO on Tap scheme to NBFCs for incremental lending was expected to usher in effective liquidity for NBFCs. The new co-lending guidelines would provide greater operational flexibility to the lending institutions. The primary focus of the revised scheme, rechristened as the Co-lending Model (CLM), is to improve the flow of credit to the unserved and underserved sector of the economy. It also aims to make available funds to the ultimate beneficiary at an affordable cost, considering the lower cost of funds from banks and greater reach of the NBFCs. These measures aimed at improving the liquidity of NBFCs, will help the sector brace the impact of the pandemic and further scale.

While the above actions contributed generally to a surplus flow of liquidity in the system, these mainly helped high rated companies (AAA) to bring down the cost of finance, but your Company could not get the same benefits as the spread between cost of finance for high rated entities and cost of finance for below "A" rated entities widened and increased the borrowing cost marginally for the Company. Hence though the Company could maintain a high level of liquidity, the Company could not benefit on the marginal cost of borrowing.

The asset quality of NBFCs is expected to feel the impact of the pandemic. ICRA expects NBFCs Non-Performing Assets (NPAs) to increase to 5.60% - 6.80% at the end of the current fiscal from 4.50% reported at the end of fiscal 2020.

The pandemic has motivated the industry to reconsider its operation model and client acquisition strategy. Digitisation and automation have taken centre stage. With an increased focus on the Micro, Small and Medium Enterprises (MSME) and retail segments, financial institutions are discovering novel ways of delivering financial services products to their end customers. Newer digital lending products introduced by fintech players have been willingly embraced by customers, thereby creating disruption, especially around client acquisition and retail lending products. A seamless customer journey has emerged as the ultimate aspiration and, therefore, guiding principle for the industry. Introduction of digital lending products largely entails self-service applications supported by back-end processing of applications on risk rating processes. Digital payments not only helped in business-to-business (B2B) transactions but also pushed the adoption of ecommerce.

The Reserve Bank of India recently issued discussion documents on the extent of ownership of banks as well as scale-based governance frameworks for NBFCs. While the industry provided feedback on both these documents, it is now eagerly awaiting the regulator's final decision and circular on the matters.

Your Company fortunately has no asset-liability mismatches due to its cautious and conservative risk management actions and a calibrated growth approach. Your Company could manage growth as well as ensure sufficient liquidity, while needed to make a conscious trade-off between profitability and liquidity on carrying surplus liquidity and resultant negative carry. Your Company's daily collection model along with the practices followed for asset-liability management, ensured your Company was majorly insulated from these external shocks.

INDIA'S ACCELERATED DIGITAL ADOPTION:

India's digital landscape, which was already growing at a decent speed in the last three to four years, has recently scaled a new altitude. The trend was accelerated by the pandemic and wide-spread restrictions on mobility. The need of the hour is to strengthen the digital infrastructure and the payments ecosystem in the country for convenience/ safety of users, higher transparency, and tax compliance. With approximately 1.2 Billion wireless subscribers and 750 Million internet subscribers, India is now the second largest and one of the fastest-growing markets for digital consumers [Source: TRAI, RBI].

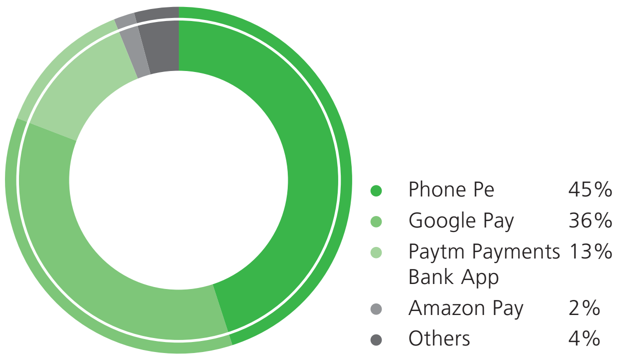
In India, digital payments transactions have grown at an average CAGR of 23% (by volume) and 21% (by value) from 2017 to 2020. PwC estimates that by 2025 the volume and value of digital transactions in India will touch 16,700 Crore and ₹ 238 Trillion, respectively.

The growth in retail electronic payment systems (NEFT, mobile banking, and development of payment acceptance infrastructure) is likely to bolster digital payment transactions from ₹ 2,153 Trillion in FY 2019-20 to ₹ 7,092 Trillion in FY 2024-25, according to the India Trend Book Report 2021 by the Indian Private Equity and Venture Capital Association (IVCA) and Ernst & Young.

NEW PAYMENTS PARADIGM

Digital modes like electronic fund transfer have seen greater adoption, along with increased use of cards backed by customer propositions around loyalty and privilege programmemes, exclusivity, and so on, and an increase in the merchant base aided by a proliferation of e-commerce sites and apps. The nationwide lockdown enforced in March'20, accelerated the adoption of digital payments.

Player-wise split of UPI transactions



Source: NPCI, Mar'21

Accelerated digital adoption has also helped increase the government's revenue receipts in a pandemic year. The GST revenues during March 2021 are the highest since the introduction of GST, indicating the trend in recovery of GST revenues as well as the economy. Total number of e-way bills has also surged to ₹ 185.22 Crore during FY 2020-21. Closer monitoring against fake-billing, deep data analytics using data from multiple sources including GST, income-tax and customs IT systems and effective tax administration have contributed to the steady increase in tax revenue.

GST statistics

1.28 Crore # of Registered Tax Payers	**65.92 Crore** Total # of Returrns Filed	**18.63 Crore** Total # of Payment Transactions
~1,231 Crore Total # of Invoices Uploaded	**185.22 Crore** Total # of E-Way Bills	**₹33.32 Trillion** Total Amount of Payments made through the portal (Excluding IGST on imports)
23.86 Lakh Highest volume of return transactions in a day	**9.55 Crore** Highest volume of Payment transactions in a day	

Source: GSTN Council; as in April 2021

SURGE IN CREDIT CARD USAGE

It is encouraging to note that the volume of credit cards has grown from 298 Lakh in FY 2016-17 to 616 Lakh in India till February'21. UPI transactions in terms of value has grown by from ₹ 6,843 Crore in FY 2016-17 to ₹ 35,98,772 Crore till February FY 2020-21 and has crossed 2.64 Billion transactions (by volume) in April'21.

Distribution of POS terminals

RBL Bank	30%
HDFC Bank	15%
State Bank of India	13%
Axis Bank Limited	10%
ICICI Bank Limited	10%
Union Bank of India	5%
Paytm Payments Bank	4%
IndusInd Bank	2%
Punjab National Bank	2%
Yes Bank Limited	1%
Bank of Baroda	1%
Others	7%

Source: RBI (As on YTD Feb'21)

Growth in digital payments have been driven by multiple factors such as:

- Proactive launch of new and innovative payment products
- Increasing smartphone and internet adoption
- Tech-savvy millennial population
- Regulatory and government intervention

FROM A MACRO PERSPECTIVE, INDIA'S DIGITAL PAYMENT LANDSCAPE IN THE COMING YEARS WILL BE DEFINED BY:

1. Overlay services – Businesses are leveraging overlay services such as RTP (request to pay) to reduce their collection costs and strengthen customer relationships.

2. Contextual payments – Companies or banks are migrating towards contextual payments by leveraging data analytics and artificial intelligence (AI) to have better insight into customer requirements by analysing their past transactional or behavioural data.

3. Offline payments – The launch of the NCMC (National Common Mobility Card) based open-loop smart card, which can be used offline on all payment systems (transit operators, retail, e-commerce, etc.) across India – using stored value (offline value/amount stored in physical cards) will further boost the digital payment industry.

4. Invisible payments – Real-time payments will drive the digital payment market owing to traction in the post-COVID operating environment.

5. New Umbrella Entity – With aspirations to fuel a less-cash and more-digital micro-payments economy, the RBI has set up a framework to authorise pan-India new umbrella entities (NUEs) that will focus on retail payment systems.

IMPLICATIONS FOR NEOGROWTH:

- Increased digital penetration in the economy is a big positive for NeoGrowth as it will allow for increased loan eligibility of small merchants (especially with the usage of QR codes)
- NeoGrowth's e-payment based lending model is geared up to be compatible with multiple modes of payment acceptance (with each having its own operations and settlement mechanism) to add further value to the merchant.
- The importance of bank statement analysis to identify payment acceptance modes of the business has led to additional investments in technology, analytics and API development.
- NeoGrowth is also exploring overlay services such as RTP (request to pay) to reduce its collection costs and enhance customer relationships.
- With the growing emergence of QR code-based payments, NeoCash Retail product is on track to be overlayed on QR based payment mechanism.

GEARED FOR THE NEW NORMAL:

NeoGrowth has embedded digitalisation deeply within its core business processes, which has enabled it to automate and simplify core processes, such as underwriting, loan origination, disbursements, and collections.

The Company's PoS and digital sales-based lending model needs simple documentation and aids hassle-free quick disbursals. The Company's underwriting based on proprietary technology is using digital transaction data, and automated collections are facilitating collections. The use of advanced analytics, artificial intelligence, machine learning is expected to digitally integrate all processes. NeoGrowth's new products such as NeoCash Insta now focus on instant online loan approvals, improving efficiency, and reducing the overall turnaround time.

We use technology to parse one year of digital bank statement data and gain insights into daily card-based sales for the last 365 days. We then use proprietary algorithms to build predictive models into the future sustainability and growth of the business. This helps us determine that eligibility for loans, and also create a bespoke offering in terms of loan amount, tenure and pricing.

Even the repayment of our loans is based on a daily repayment model, where the amount repayable to us is remitted directly by the card acquiring bank to NeoGrowth. This is only possible because of our digital interfaces with the banks, and thanks to Advance Suite, our proprietary Loan Origination System (LOS) and Loan Management System (LMS) which is purpose built for NeoCash, our unique loan product.

1. OPERATIONAL HIGHLIGHTS

It gives us great pleasure to share with you the Company's progress made during the reporting period.

During the year 2020-21 your Company achieved disbursements of ₹ 676 Crore with no disbursals done during H1. Assets under management (AUM) marginally dropped by 1.27% year-on-year to ₹ 1,323 Crore, aided by the longer tenor of the loans and growth in disbursals.

Your Company served the customers within the current geographical presence, by tapping more business from current customers as well as expanding the customer base within the present geographical locations. Your Company also offered new products in the supply chain segment within these established geographies to ensure deeper relationships.

2. FINANCIAL HIGHLIGHTS

The financial statements of the Company for the year ended 31st March 2021 have been prepared in accordance with Ind AS and the revised Schedule III to the Act, as mandated by Ministry of Corporate Affairs (MCA).

The summarised financial results of the Company for the year ended 31st March 2021 compared with the previous financial year are as below:

Particulars	2020-21 (₹ in Lakh)	2019-20 (₹ in Lakh)
Revenue from Operations	33,118	33,560
Other Income	192	151
Total Income	**33,310**	**33,710**
(Less) Finance costs	13,572	11,320
(Less) Operational Costs	10,461	11,607
(Less) Loan losses and provisions*	12,731	9,240
(Less) Depreciation and amortisation	968	1,005
Profit/(Loss) Before Tax	**(4,423)**	**538**
(Less) Tax Expenses/(credit)	1,413	(841)
Net Profit/(Loss)	**(3,009)**	**(303)**

- Previous numbers are based in Ind AS Financial statements.
- Including loan losses for COVID-19 impact as Management Overlay of ₹ 500 Lakh

Particulars	As on 31st March 2021 (in Lakh)	As on 31st March 2020 (in Lakh)
Networth	35,450	38,301
Debt/Equity Ratio (%)	3.67	2.81
Capital Adequacy Ratio (%)	22.73%	26.28%

Networth excludes the "Other Comprehensive Income" shown as part of "Other Equity".

A comprehensive customer service and collections strategy was put in place during later part of the year to ensure maintain the assets quality. The Company continues to engage in proactive risk management practices. The credit policy of the Company was reviewed in the light of external environmental stress on the MSME economy and a revised customer credit score card mechanism was developed to enhance quality of risk management framework to manage the asset quality.

3. AMOUNT CARRIED TO STATUTORY RESERVES

Based on the financial results of the Company for the financial year 2020-21, the Board of Directors has not transferred Statutory reserves under Section 45-IC of the RBI Act, 1934 as the Company had incurred loss.

4. DIVIDEND

Company has a policy of deploying the internal accruals for growth.

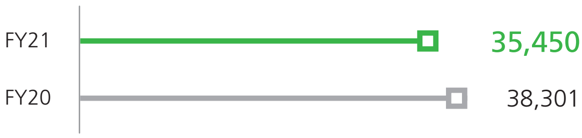
5. BUSINESS FROM INSURANCE AS CORPORATE AGENT

Your Company has been offering insurance product to the borrowers on a cross-sell strategy as well as a risk mitigation action to ensure recovery of dues in the unfortunate event of death of the owner. Your Company has put in place a policy on Open Architecture for Retail Insurance Business in terms of the Insurance Regulatory and Development Authority of India (Registration of Corporate Agents) Regulations 2015. It lays down the manner of soliciting and servicing insurance products and addresses the manner of adopting the philosophy of open architecture and its implementation. The Company ensures that there is no forced selling of any insurance policies to any of its customers.

6. CHANGE IN CHARTER DOCUMENTS

There was no change in the charter documents of the Company during the period of review.

Networth (in Lakh)



7. SHARE CAPITAL

During the year under review there was no change in authorised and paid up share capital of the Company and as on 31st March 2021, the authorised share capital is ₹ 67,00,00,000 divided into 2,10,00,000 Equity shares of ₹ 10 each and 4,60,00,000 0.01% CCPS of ₹ 10 and paid up share capital is ₹ 63,64,46,090 divided into 1,80,00,600 Equity shares of ₹ 10 each and 4,56,44,009, 0.01% CCPS of ₹ 10 each.

8. DETAILS OF SUBSIDIARIES/ JOINT VENTURES/ ASSOCIATE COMPANIES

The Company has no subsidiaries, JVs or Associate companies. Also, during the financial year under review, your Company has not incorporated any subsidiary or joint venture or associate Company.

9. CAPITAL ADEQUACY

The Capital adequacy ratio, of the Company is healthy at 22.73% as on 31st March 2021. (26.28% on 31st March 2020) as against minimum capital adequacy requirement of 15% as mandated by RBI.

10. ASSET–LIABILITY MANAGEMENT AND FINANCIAL LEVERAGE

The Company has a well-defined Liquidity Risk Management policy to address the risk of mismatch between assets and liabilities either due to liquidity or changes in interest rates. The Company's Asset-Liability Committee (ALCO), set up in line with the guidelines issued by the RBI, monitors asset-liability mismatches to ensure that the ALM is managed within RBI prudential norms and ALM policy as laid down by company.

(i) Your Company follows a conservative and prudent cash flow management policy. The Company borrows money for a longer tenor than the maturity of its assets and is supported by a conservative gearing ratio (measured by Net Debt/Net worth). The Company raised fresh borrowings of ₹ 435.91 Crore during FY 2020-21 with a weighted average maturity of over 33 months, while the average maturity of fresh disbursements was at 20 months. This positive maturity Gap has helped to keep the ALM across all time buckets positive and been proven during these tiring times of the COVID pandemic.

(ii) Your Company has always maintained a conservative ALM policy, by deploying longer tenor funds towards a relatively shorter maturity loan portfolio. As a result of this conservative practice, the Company was un-impacted during this COVID-19 crisis period and was able to maintain more than adequate liquidity for meeting its ongoing operating expenses, disbursal requirements and debt repayment obligations.

(iii) As a prudent practice and recognising the risks of the business segment, the Company operates in, the Company aims to operate with lower than market average levels of gearing on an ongoing basis. The gearing levels (measured by Net Debt/ Net worth) were relatively conservative at 3.67 times as on 31st March 2021 (2.81 times as on 31st March 2020).

11. DEBT SOURCING AND CREDIT RATING

During the year, your Company raised fresh external debt of ₹ 435.91 Crore from various Financial Institutions in India and overseas. Out of this, ₹ 237.21 Crore was through issuances of Non-Convertible Debentures (NCDs) to various overseas and domestic lenders and ₹ 113 Crore through term loans from domestic financial institutions, ₹ 48.8 Crore through credit limits from domestic banks and ₹ 36.89 Crore through securitisation route. In the current year company has diversified the sources of borrowings by adding new types of lenders, establishing new banking relationships and borrowing via innovative on balance sheet and off-balance sheet structures.

Debt Sourcing (in ₹ Crore)

Non-Convertible Debentures (NCDs) to various overseas and domestic lenders	237.21
Term loans from domestic financial institutions	113
Credit limits from domestic banks	48.8
Securitisation route	36.89

The Company has Cash Credit and Overdraft facilities totaling ₹ 58.8 Crore as on 31st March 2021 (of which ₹ 34.24 Crore was unutilised on that date). Despite RBI dispensation being available for debt repayments by opting for moratorium, your Company chose to continue making all debt repayments on time and maintain an impeccable track record of debt servicing. Total debt repayments of ₹296.29 Crore (including interest) were made during the year. The outstanding debt portfolio was at ₹ 1,301.28 Crore as on 31st March 2021 (₹ 1,076.20 Crore as on 31st March 2020).

The existing lenders have been supportive of the Company's endeavours by providing incremental funding, not exercising put option and rolling maturities of debt for longer tenor. During the year, the marginal borrowing cost remained relatively stable, despite the relative uncertainty in the debt markets (due to risk aversion by lending institutions amid COVID-19 pandemic). The Company endeavours to raise debt funding at the most competitive cost as possible.

Your Company's credit ratings were reaffirmed during the year by all the rating agencies on board as follows: ICRA (a Moody's associate Company) - "[ICRA] BBB", CARE Ratings – "CARE BBB+".

Credit growth was impacted because of the risk averseness and the severe Covid impact on the MSME segment. These have created an environment of higher risk around no-collateral unsecured lending and hence a general negative outlook on the financial services sector.

12. CLASSIFICATION AS A SYSTEMATICALLY IMPORTANT NBFC

The Company continues to be classified as a Systematically Important Non-deposit taking NBFC (NBFC-ND-SI), for FY 2020-21. This subjects your Company to enhanced regulatory oversight and reporting requirements, thereby creating a stronger culture of good governance within the Company.

13. RBI GUIDELINES, PUBLIC DEPOSITS, AND ASSET CLASSIFICATION

Your Company, has complied with all applicable regulations of the Reserve Bank of India (RBI). As per Master Direction – Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, the Directors hereby report that the Company did not accept any public deposits during the year and did not have any public deposits outstanding at the end of the year.

14. FAIR PRACTICES CODE

Your Company has in place a Fair Practice Code (FPC), which includes guidelines on the terms and conditions relating to receipt of loan applications from the prospective borrowers and processing thereof, sanction, monitoring and recovery of loans and other financial products being offered by it, the Grievances Redressal Mechanism in place etc. The said policy is available on the website of the Company at the URL: https://www.neogrowth.in/fair-practice-code.

15. VIGIL MECHANISM / WHISTLE BLOWER POLICY

The Company has established a vigil mechanism and to that effect formulated the Whistle Blower Policy to deal with instances of fraud and mismanagement, if any. The details of the Whistle Blower Policy are provided in the Corporate Governance Report and also posted on the website of the Company at the URL: https://www.neogrowth.in/whistle-blower-policy/. There were no actionable complaints received under the whistleblower policy during the current reporting period.

16. COMPANY POLICIES

i) COVID Warrior Scheme:

In the context of the current crisis, we identified borrowers who are:

- Highly creditworthy & not having availed moratorium in other loans during lockdown period
- In segments/industries least impacted by lockdown
- Having Resilient Cash flows
- Having good Business Stability & Asset Ownership

For such borrowers, we offered loans under a new scheme called 'COVID Warrior'.

17. A. HUMAN CAPITAL

Your Company believes in People First and is consistently looking for opportunities to enrich their experience at the organisation, offering opportunities to employees to always upskill themselves with challenging assignments and matching rewards. Your Company invests considerably in employee engagement and development to make NeoGrowth a happier and productive workplace. With full conviction, your Company believes in the philosophy of a happy workforce is a productive workforce and People remain the most important asset for us. The employee strength of your Company is 655 at the end of March 2021. There is a constant endeavour to ensure it onboards right talent at right time and in alignment to organisational ethos and values. This enables timely growth and onboards right set of capabilities in the organisation. Thereafter, substantial employee engagement and learning & development ensures a highly motivated and productive work force. To this end, your Company follows a structured engagement and development framework with initiatives arranged under 7 pillars namely Neo Connect, Neo Recognize, Neo Learn, Neo Benefit, Neo Celebrate, Neo Care and Neo GiveBack. During the FY 2020-21, your Company has taken up a multitude of People initiatives, a snapshot of the same is given in the sections below.

Your Company is pleased to inform you that a gamut of employee engagement and development initiatives taken up during FY 2020-21 has helped it achieve the prestigious Great Place To Work certificate for second consecutive year.

a) Employee Safety, Health and Well-being in the times of COVID-19:

In the year that witnessed significant economic and social disruptions on account of COVID-19 pandemic, your Company gave paramount importance to employee safety, health and well-being. To this effect, even before mask, hand sanitiser, social distancing and workplace sanitisation was made mandatory by the Government, your Company proactively took these measures and continues to sustain with these. It constantly creates and drives awareness amongst its employees about COVID-19 and how to prevent oneself from it. During lockdown and time since then, your Company provided adequate COVID-19 insurance cover and HR helpline support to all its employees and their families. During lockdown and Work From Home period, your Company launched multiple initiatives to keep employees engaged, health conscious and using the duration to upskill themselves. Regular communication by Management and HR were taken up to address any sense of job insecurity and COVID-19 related anxiety. Contests like hobby pics of the day, exercise/yoga of the day to collage on COVID-19 safety tips were initiated. Close to 30 self-development e-learning modules were rolled out on 'Swadhyay' LeMS along with daily recognition of NeoLearn Super Champions and Champions. Post relaxations to lockdown with employees resuming to work from office, for their safety, flexi-timings have been allowed.

b) Initiatives for Talent Acquisition and smooth employee onboarding:

For right talent acquisition at optimal cost, your Company promotes employee referral under Neo Ambassador and direct hiring. It also provides career opportunity to inhouse talent through Internal Job Postings. Through HR Mitra, it ensures a prospect candidate always has a helping hand to address any queries as part of joining formalities to your Company. A Welcome Kit, an assigned NeoBuddy and 'Prarambh' Corporate Induction along with 'Gurukul' Functional Induction ensures a smooth onboarding experience.

c) People Connect Initiatives:

Under Neo Connect, your Company ensures outreach to employees under programmes like quarterly Webinar with CEO, CEO Connect, Mini-townhalls with Leadership Team, quarterly 'Samvaad' HR Connect etc. Programme of 4-3-2 structured outreach to new joinees during initial months helps with their smooth settling down. For employees to come together informally in areas of common interests and hobbies, your Company initiated 'Abhiruchi' whatsapp groups in 10 areas such as cricket, music, cooking etc.

Under Neo Celebrate, various employee delight initiatives are undertaken such as celebrating national festivals. Your Company celebrates work anniversaries and birthdays of employees and their family members by sending warm wishes over a mailer. It conducts Fun Friday to bring an element of fun and frolic at workplace. It also celebrates events like Women's Day and International Yoga Day through contests, guest talks etc. A surprise gift to all women employees on Women's Day resonated very positively amongst them. Each year, through a photo contest, your Company selects top 12 photographs taken by its employees to have an 'in-house' annual calendar printed.

d) Reward and Recognition initiatives:

Your Company follows a robust and fair performance assessment framework based on Balanced Score Card. It helps align Company's strategic objectives with individual goals. Your Company distinctively rewards high performance in its appraisal process. Furthermore, under Neo Recognize, separate recognition programmes for mid management and individual contributors are in place. Alongside Employee of the Month, Value Champion and Spot Awards, this year your Company introduced ACE Award for teams managing cross-functional strategic projects. Most Valuable Player Award, Wall of Fame and Best Practice video recognitions also got initiated this year. To elicit innovative ideas from employees, your Company has Neo-Ideas forum and it organises contests such as Think and Act like CEO for a Day, where high participation is witnessed. Initiatives like this ensures a culture that promotes performance, ideation and striving for continuous improvement.

e) Learning & Development Initiatives:

Under Neo Learn, your Company has significant in-house Learning and Development capabilities. It follows a robust and mandatory Compliance training rigor. Your Company has devised over 80 training programmes and e-learning modules in functional and soft skills. Along with 'Saksham' Supervisory Development programme, for leadership development your Company facilitated for its mid-management Leadership Learning Workshop with a L&D partner based out of New York. Your Company added mobile app based L&D platform to an already highly scalable 'Swadhyay' LeMS (Learning Management System) and VC based L&D infra. This has enabled on the go delivery of micro trainings. Your Company believes in Learn with Fun and thereby it has added dimensions of Gamification and Strategy Game Simulation to many of its Learning programmes. To make data analysis and reviews real-time, your Company has sponsored Tableau training and certification of around 20 employees. To enhance professional skills, it has a programme to sponsor part-time MBA for its employees. Additionally, to help its employees stay up to date with latest action and trends in the market, your Company encourages and sponsor employees to participate in industry body seminars, workshops and conferences.

f) Initiatives for employee healthcare and giving back to society:

Under Neo Care, your Company has taken initiatives to promote employee health and safety. Initiatives like 'Swasthya Chetna' mailer with weekly tips for health and fitness, 'Gyandhara' expert talk sessions on topics like PCOS, Nicotine Free Life, Diet and Nutrition, Yoga, Meditation, Zumba etc. are promoted to encourage well-being, reduce stress and create positivity at workplace. Team contests like Walkathon and Fit and Fab challenge are conducted to promote healthy lifestyle and enhance camaraderie.

Committed to positive Social Impact, to support those severely impacted by COVID-19 caused nationwide lockdown, under Neo GiveBack, your

Company and employees donated generously to raise close to ₹ 53 Lakh corpus. The fund was utilised through tie-up with over 10 prominent NGOs to provide 75,000+ meals, 8,000+ ration kits and 5000+ hygiene kits to migrant labours and daily wage earners. Also, your Company supported hospitals and medical practitioners with 1,000+ PPE kits.

Additionally, under Neo GiveBack, your Company has Cardio-Pulmonary Resuscitation – Automated External Defibrillator (CPR – AED) devices installed at its Head Office with suitable training to CPR marshals. It conducts blood donation camp, old clothes donation drives and supports plantation on birthday of its employees. With books donated by employees, it has started an in-house employee library 'Pustak-kosh' which has some of the best-seller management and self-development titles.

B. EMPLOYEE BENEFITS:

Under Neo Benefit, your Company provides multiple avenues of employee benefit, few major ones are given below:

a) **Maternity Leave Policy:**

The policy is effective since April 2017 under which a maternity leave shall be availed as per the provisions of Maternity Benefit Act, 1961. The Company gives 26 weeks maternity leave and an extended maternity benefits up to 12 weeks (over and above 26 weeks) to its women employees.

b) **Paternity Leave and Bereavement leave:**

The Company introduced Paternity Leave and Bereavement leave from January 2019. These are of 3 days which can be availed over and above the Paid Leaves.

Additionally, policies like payment of salaries on 25th of a month, Pink Day (1 day a month Work from Home) for women employees, Creche tie-up, Gift cheque (to celebrate key milestones of marriage and childbirth), options of VPF and NPS for financial planning make us stand out. Your Company also has tie-ups for discounts on medicines, healthy food and free first medical counselling which ensured it stayed up the curve and amongst the best in class in employee welfare and engagement measures.

18. CORPORATE SOCIAL RESPONSIBILITY

The Company made contributions of ₹ 18 Lakh to several organisations (NGO and Non-profit organisations to mitigate the difficulties faced by people who were affected by COVID-19.

19. CUSTOMER SERVICE/RETENTION MEASURES

Customer experience enhancement through proactive customer connect was the major focus area for the Company in the FY 2020-21. In continuation of the proactive customer connect that NeoGrowth established during the COVID – 19 lockdown scenario where in we were in touch with our customer base thru our Field force and had engaged with them to understand their business impact and their repayment challenges, we have been offering many value added services to the customer by deploying our Customer MobileApp which gave lots of self-help information to the customers. We have also deployed a Customer Communication mechanism which is used to circulate lots of informative content (including self-explanatory videos) with regards to their loan accounts, or any generic process such as TDS refund claims, ENACH registration and alternate repayment modes using various payment platforms. The digital roadmap for operational process to further improve the turnaround time for disbursal and provide a hassle free experience to customer onboarding are being digitalised and technology enabled.

20. MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY

While the COVID-19 pandemic impact is universal and every entity whether corporate or individual has been impacted in one way or the other, your Company is resilient enough and withstood the shock and has taken actions which protected the Company with enough liquidity and keeping the asset quality maintained with measures, which mitigated the negative impacts of the pandemic induced risks, substantially.

21. RISK MANAGEMENT POLICY

NeoGrowth has adopted Risk Management Polices & Practices to proactively identify, assess, monitor and mitigate various risks to key business objectives. Major risks identified by critical functions are systematically addressed through mitigating actions, on a continuing basis. Automated Reports & Analytics, alongwith various associated tools, aid us in identification of risks & monitoring its effective implementation.

The Company's internal control systems are continuously reviewed and upgraded, commensurate with the nature & size of its business, alongwith its complexity.

Your Company has in place, a review mechanism by an external agency to evaluate Internal Financial Controls, by assessing processes across functions and information security measures, that are in place. These processes & controls are tested for their robustness, in order to further strengthen them, where required.

22. DETAILS OF LOANS, GUARANTEES OR INVESTMENTS

The Company has not given any loan or made investment in other companies during the period under review and accordingly Section 186 of the Companies Act, 2013 is not applicable to the Company.

23. DETAILS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES REFERRED TO IN SECTION 188

Details of the transactions as prescribed in Form AOC-2 of the rules prescribed under Chapter IX relating to Accounts of Companies under the Companies Act, 2013 is attached as **Annexure-1** and forms part of this Report.

24. A. CHANGE IN DIRECTORS

a) Mr. Amit Mehta representative of IIFL was appointed as Additional Director w.e.f. 12th February 2021:

b) Mr. Prashasta Seth, representative of IIFL resigned from the Board w.e.f. 1st January 2021. The Board appreciates his excellent support and contribution to the growth of the Company, during his tenure;

B. MEETING OF THE BOARD

During the financial year 2020-21, the Board met 16 times on:

28th May 2020	29th Oct. 2020	5th March 2021
22nd June 2020	12th Nov. 2020	9th March 2021
30th June 2020	30th Nov. 2020	17th March 2021
14th July 2020	29th Jan. 2021	25th March 2021
23rd July 2020	16th Feb. 2021	
5th Oct. 2020	27th Feb. 2021	

25. DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 134 of the Companies Act, 2013, the Directors confirm that:

a) in the preparation of the annual accounts the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;

b) the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent 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/loss of the Company for that period;

c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) the Directors have prepared the annual accounts on a going concern basis;

e) the Directors have 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 have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

26. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION

Your Company is in the Service Industry wherein the cost of Energy in its operation is not substantial. However, all necessary steps are taken to conserve energy wherever possible. The Company continues its emphasis on innovation and technology improvement at all levels.

27. FOREIGN EXCHANGE EARNINGS AND OUTGO

The Foreign Exchange earned in terms of actual inflows during the year was NIL and the Foreign Exchange outgo during the year in terms of actual outflows was ₹ 342.68 Lakh.

28. DETAILS OF EMPLOYEES & EMPLOYEES STOCK OPTION PLAN

The table containing the names and other particulars of employees in accordance with the provisions of Section 197 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed to this Report as **Annexure-2**.

The said stock option plan is in compliance with the provisions of Section 62(1)(b) of the Companies Act, 2013 and Rule 12 of the Companies (Share Capital and Debentures) Rules, 2014. An Annexure disclosing the details of the ESOP is annexed herewith as **Annexure-3**.

29. DISCLOSURE UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT 2013.

Your Company has made sure the workplace is safe and harassment free for every woman working in Company's premises through various intervention and practices.

A policy on prevention of sexual harassment at workplace is in place from 12th September 2018 and Sexual Harassment Redressal Committee (SHRC) is formed under the policy to monitor and act on cases reported. This policy aims at preventing harassment and lays down the guidelines for identification, reporting and prevention of undesired behaviour.

There were no cases reported during the year under review.

30. STATUTORY AUDITORS

M/s. S. R. Batliboi & Associates LLP, Chartered Accountants (ICAI Firm Registration No: 101049W/E300004) were appointed as the Statutory Auditors of the Company by the Members for 5 years commencing from the conclusion of 24th Annual General Meeting held on 18th August 2017, until the conclusion of 29th Annual general meeting. (from FY 2017-18 to FY 2021-22) under Section 139 of the Companies Act, 2013.

The Statutory Auditors Report on the financial statements for the financial year 2020-21 does not contain any qualification, reservation or adverse remark.

31. EXTRACT OF THE ANNUAL RETURN

The extract of Annual return in Form No. MGT – 9 is annexed herewith as **Annexure-4** and forms part of this Report.

32. SECRETARIAL AUDIT

Sachin Dedhia & Associates, Practicing Company Secretary was appointed to conduct the Secretarial audit of the Company for the FY 2020-21, as required under Section 204 of the Companies Act, 2013 and rules thereunder.

The Secretarial Audit Report as required u/s 204 of the Companies Act, 2013 is attached as **Annexure-5** and forms part of this Report.

33. ACKNOWLEDGEMENT

Your directors would like to place on record their gratitude for the valuable guidance and support received from the valued customers, members, lenders and Bankers. The Directors also recorded their appreciations of all the employee of the Company for their continued commitment, dedication and delivering their responsibilities. We place on record our thanks to Regulatory authorities for their valuable guidance and support.

For and on behalf of the Board of Directors

Place: Mumbai
Date: May 12, 2021

Dhruv Kumar Khaitan
Chairman
DIN: 00002584
Address: 802, Tower A,
Peninsula Business Park,
Ganpatrao Kadam Marg,
Mumbai – 400 013

ANNEXURE - 1

FORM NO. AOC-2

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

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

1. DETAILS OF CONTRACTS OR ARRANGEMENTS OR TRANSACTIONS NOT AT ARM'S LENGTH BASIS – NIL

2. DETAILS OF MATERIAL CONTRACTS OR ARRANGEMENT OR TRANSACTIONS AT ARM'S LENGTH BASIS

Name(s) of the related party and nature of relationship	Dilta Services LLP
Nature of contracts/ arrangements/ transactions	Shared Services
Duration of the contracts/ arrangements/ transactions	Annually
Salient terms of the contracts or arrangements or transactions including the value, if any	₹ 11,27,493 shared service cost recovered from Dilta
Date(s) of approval by the Board, if any	19th October 2015 and subsequently on 29th January 2021
Amount paid as advances, if any	-

ANNEXURE - 2

Information as per Section 197 of the Companies Act, 2013 read with Rule 5 (2) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and forming part of the Directors Report for the year ended 31st March 2021

Employee name	Mr. B. Ravikumar	Mr. Arun Nayyar
Designation	CFO & Company Secretary	CEO
Remuneration received	₹ 98,02,716	₹ 2,49,88,296
Nature of employment, whether contractual or otherwise	On Payroll	On Payroll
Other terms and conditions	As per Company's hiring policy	As per Company's hiring policy
Nature of duties of the Employee	Finance, Secretarial & Legal and Compliance	Overall business operations of the Company
Qualifications and experience of the employee	MSc, ACMA, ACS Experience: 40 years	CA Experience: 22 years
Date of commencement of employment	22nd November 2013	1st August 2018
Age	65 years	44 years
Last employment held by such employee before joining the Company	Atos World line India Pvt. Ltd.	Edelweiss
Percentage of equity shares held by the employee in the Company within the meaning of sub-clause (iii) of clause (a) of sub-section (2A) of Section 217 of the Act	Nil	NIL
Relationship with any of the Directors or Managers of the Company	No	No

Note: Remuneration shown above includes the amount spent by the Company on behalf of the employee for providing the perquisites.

ANNEXURE - 3

DETAILS OF EMPLOYEE STOCK OPTION PLAN AS ON 31ST MARCH 2021

Sr. No.	Particulars	ESOP Scheme, 2018	ESOP Scheme, 2017
1.	Date of shareholders' approval	21st March 2018	30th November 2017
2.	Total Number of Options approved	19,13,884 stock options are approved under ESOP 2018 Scheme. (Including to ESOPs granted to resigned employees)	4,21,000 stock options are approved under ESOP 2017 Scheme. (Including to ESOPs granted to resigned employees)
3.	Vesting requirement	Options granted under ESOP 2018 vested in not less than one year from the date of grant.	Options granted under ESOP 2017 vested in not less than one year from the date of grant.
4.	Exercise price or pricing formula	This price will be determined by the Board at the time of Grant of Options and detailed in the Letter of Grant.	This price will be determined by the Board at the time of Grant of Options and detailed in the Letter of Grant.
5.	Maximum term of options granted	Expire at the end of five years from the date of vesting.	Expire at the end of five years from the date of vesting.
6.	Variation in terms of ESOP	The words "or without cause" in sub-clause 13.1.3 shall be deleted and the words "or without clause" in sub-clause 13.1.4 shall be deleted. The words without cause shall be added in clause 13.1.14. The other clauses of the scheme shall remain same.	The words "or without cause" in sub-clause 13.1.3 shall be deleted and the words "or without clause" in sub-clause 13.1.4 shall be deleted. The words without cause shall be added in clause 13.1.14. The other clauses of both the scheme shall remain same.

The movement of options during the year are as follows:

Sr. No	Particulars	ESOP Scheme, 2018	ESOP Scheme, 2017
1.	Number of options outstanding at the beginning of the year	16,53,384	3,97,200
2.	Number of options granted during the year	30,000	Nil
3.	Number of options issued due to Bonus during the year	NIL	NIL
4.	Number of options forfeited/lapsed during the year	Nil	Nil
5.	Number of options Vested during the year	NIL	NIL
6.	Number of options Exercised during the year	NIL	NIL
7.	Number of shares arising as a result of exercise of options	NIL	NIL
8.	Money realised by exercise of options	NIL	NIL
9.	Loan Repaid to Trust	NIL	NIL
10.	Number of options outstanding at the end of the year	16,83,384	3,97,200
11.	Number of options exercisable at the end of the year	NIL	NIL

EMPLOYEE-WISE DETAILS OF OPTIONS GRANTED TO

i) Key managerial personnel

Name of Employee	Designation	No. of options granted during the year	Exercise price (in ₹)
NA	NA	NA	NA

ii) Employees who were granted, during any one year, Options amounting to 5% or more of the Options granted during the year

Name of Employee	Designation	No. of options granted during the year	Exercise price (in ₹)
NA	NA	NA	NA

iii) Identified employees who were granted Options, during any one year, equal or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant

Name of Employee	Designation	No. of options granted during the year	Exercise price (in ₹)
NA	NA	NA	NA

ANNEXURE - 4

FORM NO. MGT – 9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March 2021
[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

i)	CIN:	U51504MH1993PTC251544
ii)	Registration Date	17th May 1993
iii)	Name of the Company	NeoGrowth Credit Private Limited
iv)	Category/Sub-category of the Company	Private Company/Limited by shares
v)	Address of the Registered office and contact details	802, Tower A, Peninsula Business Park, Ganpatrao Kadam Marg, Lower Parel, Mumbai – 400 013.
vi)	Whether listed company (Yes/No)	Yes
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	KFin Technologies Private Limited Selenium Tower B, Plot No 31 & 32 Gachibowli, Financial District, Nanakramguda, Serilingampally Hyderabad – 500 008

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

(All the business activities contributing 10% or more of the total turnover of the Company shall be stated)

Sr. No.	Name and Description of main products/services	NIC Code of the Product/service	% to total turnover of the Company
i)	Other financial service activities, except insurance and pension funding activities	K649	96%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and Address of the Company	CIN	Holding/Subsidiary/ Associate Company	% of shares held	Applicable Section
i)	-	-	-	-	-

IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

I. CATEGORY-WISE SHAREHOLDING

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoter									
1. Indian									
a) Individual/HUF	1,80,00,000	-	1,80,00,000	99.9967	1,80,00,000	-	1,80,00,000	99.9967	NIL
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt.(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp	-	-	-	-	-	-	-	-	-
e) Banks /FI	-	-	-	-	-	-	-	-	-
f) Any Other	-	-	-	-	-	-	-	-	-
Sub-total(A)(1):-	**1,80,00,000**	**-**	**1,80,00,000**	**99.9967**	**1,80,00,000**	**-**	**1,80,00,000**	**99.9967**	**NIL**
2. Foreign									
a) NRIs – Individuals	-	-	-	-	-	-	-	-	-
b) Other – Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any Other	-	-	-	-	-	-	-	-	-
Sub-total(A)(2):-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total Promoters Shareholding (A)=(A)(1)+ (A)(2)	**1,80,00,000**	**-**	**1,80,00,000**	**99.9967**	**1,80,00,000**	**-**	**1,80,00,000**	**99.9967**	**NIL**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks/FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companie	-	-	-	-	-	-	-	-	-
g) FIIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total(B)(1)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	100	-	100	0.0001	100	0	100	0.0005	-
ii) Overseas	400	100	500	0.0006	400	100	500	0.0028	NIL
b) Individuals									
(i) Individual shareholders holding nominal share capital up to ₹1 Lakh	-	-	-	-	-	-	-	-	-
(ii) Individual shareholders holding nominal share capital in excess of ₹1 Lakh	-	-	-	-	-	-	-	-	-
c) Others (Specify)	-	-	-	-	-	-	-	-	-
Sub-total(B)(2)	**500**	**100**	**600**	**0.0033**	**500**	**100**	**600**	**0.0033**	**NIL**
Total Public Shareholding (B)=(B)(1)+(B)(2)	**500**	**100**	**600**	**0.0033**	**500**	**100**	**600**	**0.0033**	**NIL**
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	**1,80,00,500**	**100**	**1,80,00,600**	**100**	**1,80,00,500**	**100**	**1,80,00,600**	**100**	**NIL**

II. SHAREHOLDING OF PROMOTERS

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the Year			% change in share Holding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumber	
1.	Mr. Dhruv Kumar Khaitan	90,00,000	49.9983	-	90,00,000	49.9983	-	NIL
2.	Mr. Piyush Kumar Khaitan	90,00,000	49.9983	-	90,00,000	49.9983	-	NIL
	Total	**1,80,00,000**	**99.9967**	**-**	**1,80,00,000**	**99.9967**	**-**	**NIL**

III. CHANGE IN PROMOTERS' SHAREHOLDING (PLEASE SPECIFY, IF THERE IS NO CHANGE)

Sr. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the beginning of the year	1,80,00,000	99.9967	1,80,00,000	99.9967
	Date-wise Increase/Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc.):	There is no change during the year.			
	At the End of the year	1,80,00,000	99.9967	1,80,00,000	99.9967

IV. SHAREHOLDING PATTERN OF TOP TEN SHAREHOLDERS (OTHER THAN DIRECTORS, PROMOTERS AND HOLDERS OF GDRS AND ADRS):

Sr. No.	For each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	Name of the Shareholder – ON Mauritius				
	At the beginning of the year	68	0.0003	68	0.0003
	Date-wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/ sweat equity	There is no change in the shareholding pattern during the year.			
	At the end of the year (or on the date of separation, if separated during	68	0.0003	68	0.0003
2.	Name of the Shareholder – Aspada Investment Company				
	At the beginning of the year	100	0.0006	100	0.0006
	Date-wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/ sweat equity	There is no change in the shareholding pattern during the year.			
	At the end of the year (or on the date of separation, if separated during the year)	100	0.0006	100	0.0006
3.	Name of the Shareholder – Khosla Impact I Mauritius				
	At the beginning of the year	100	0.0006	100	0.0006
	Date-wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/ sweat equity	There is no change in the shareholding pattern during the year.			
	At the end of the year (or on the date of separation, if separated during the year)	100	0.0006	100	0.0006
4.	Name of the Shareholder – Accion Frontier Inclusion Mauritius				
	At the beginning of the year	100	0.0006	100	0.0006
	Date-wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/ sweat equity	There is no change in the shareholding pattern during the year.			
	At the end of the year (or on the date of separation, if separated during the year)	100	0.0006	100	0.0006
5.	Name of the Shareholder – IIFL Seed Ventures Fund I				
	At the beginning of the year	100	0.0006	100	0.0006
	Date-wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/ sweat equity	There is no change in the shareholding pattern during the year.			
	At the end of the year (or on the date of separation, if separated during the year)	100	0.0006	100	0.0006

Sr. No.	For each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
6.	Name of the Shareholder – WestBridge Crossover Fund LLC				
	At the beginning of the year	32	0.0002	32	0.0002
	Date-wise Increase/ Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/ sweat equity	There is no change in the shareholding pattern during the year.			
	At the end of the year (or on the date of separation, if separated during the year)	32	0.0002	32	0.0002
7.	Name of the Shareholder – Trinity Inclusion Limited				
	At the beginning of the year	100	0.0006	100	0.0006
	Date-wise Increase/ Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/ sweat equity	There is no change in the shareholding pattern during the year.			
	At the end of the year (or on the date of separation, if separated during the year)	100	0.0006	100	0.0006

V. SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL: -

Sr. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	Name of the Director: Mr. Dhruv Kumar Khaitan				
	At the beginning of the year	90,00,000	49.9983	90,00,000	49.9983
	Date-wise Increase/ Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment/ transfer/ bonus/ sweat	There is no change in the shareholding pattern during the year.			
	At the end of the year	90,00,000	49.9983	90,00,000	49. 9983
2.	Name of the Director: Mr. Piyush Kumar Khaitan				
	At the beginning of the year	90,00,000	49.9983	90,00,000	49.9983
	Date-wise Increase/ Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment/ transfer/ bonus/ sweat Equity etc):	There is no change in the shareholding pattern during the year.			
	At the end of the year	90,00,000	49.9983	90,00,000	49. 9983

V. INDEBTEDNESS AS ON MARCH 31 2021:

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	10,64,30,57,836	-	-	10,64,30,57,836
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	11,89,41,159	-	-	11,89,41,159
Total (I + ii +iii)	**10,76,19,98,995**	**-**	**-**	**10,76,19,98,995**
Change in indebtedness during the financial year				
- Addition	4,11,66,24,766	-	-	4,11,66,24,766
- Reduction	1,86,57,52,092	-	-	1,86,57,52,092
Net Changes	**2,25,08,72,674**	**-**	**-**	**2,25,08,72,674**
Indebtedness at the end of the financial year				
i) Principal Amount	12,85,09,67,164	-	-	12,85,09,67,164
ii) Interest due but not paid	-			-
iii) Interest accrued but not due	16,19,04,505	-	-	16,19,04,505
Total (i + ii + iii)	**13,01,28,71,669**	**-**	**-**	**13,01,28,71,669**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

A. REMUNERATION TO MANAGING DIRECTOR, WHOLE-TIME DIRECTORS AND/OR MANAGER:

Sr. No.	Particulars of Remuneration	Name of the Director: Mr. Piyush Kumar Khaitan
1.	Gross Salary	
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	47,30,165
	(b) Value of perquisite u/s 17(2) of the Income Tax Act, 1961	-
	(c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	-
2.	Stock Option	-
3.	Sweat Equity	-
4.	Commission	-
	- As % of profit	-
	- Others, specify	-
5.	Others, please specify	-
	Total (A)	**47,30,165**
	Ceiling as per the Act	-

B. REMUNERATION TO OTHER DIRECTORS:

Sl. No.	Particulars of Remuneration	Fee for attending board/committee meetings	Commission	Others, Professional fees	Total Amount
1.	Independent Director	-	-	-	-
	Total (1)	**-**	**-**	**-**	**-**
2.	Other Non-Executive Directors	-	-	24,00,000	24,00,000
	Total (2)	**-**	**-**	**24,00,000**	**24,00,000**
	Total (B) = (1+2)	**-**	**-**	**24,00,000**	**24,00,000**
	Total Managerial Remuneration	**-**	**-**	**24,00,000**	**24,00,000**
	Overall Ceiling as per the Act	-	-	-	-

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/ MANAGER/ WHOLE-TIME:–

Sl. No.	Particulars of Remuneration	Mr. B. Ravikumar CFO & CS	Mr. Arun Nayyar CEO	Total
1.	Gross Salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	97,69,116	2,49,88,296	3,47,57,412
	(b) Value of perquisite u/s 17(2) of the Income Tax Act, 1961	33,600	-	33,600
	(c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	-	-	-
2.	Stock Option	-		
3.	Sweat Equity			
4.	Commission		-	
	- As % of profit			
	- Others, specify			
5.	Others, please specify			
	Total (in ₹)	**98,02,716**	**2,49,88,296**	**3,47,91,012**

VII. PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES:

There were no penalties, punishment or compounding of offences during the year ended 31st March 2021.

ANNEXURE - 5

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 2020-21
[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,
NeoGrowth Credit Private Limited

We have conducted the secretarial audit of all applicable statutory provisions for the financial year 2020-21 of NeoGrowth Credit Private Limited (hereinafter called the Company), incorporated on 17th May, 1993 having CIN:U51504MH1993PTC251544 and Registered Office at 802, 8th floor, Tower A, Peninsula Business Park, Ganpatrao Kadam Marg, Lower Parel (W), Mumbai - 400013. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

Based on our verification of 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 authorised representatives during the conduct of secretarial audit, We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March 2021 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 2021 according to the applicable provisions of:

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

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

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

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

(v) 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 (Issue of Capital and Disclosure Requirements) Regulations, 2009 and 2018;

   (c) 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;

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

(vi) Following other laws as may be applicable specifically to the Company

   (a) The Reserve Bank of India Act, 1934

   (b) Prevention of Money Laundering Act, 2002

   (c) Information Technology Act, 2000

   (d) With respect to the Company's business activity of acting as Corporate Agent for sale of Life and General Insurance products, to the extent applicable, the following Acts/ Laws/ Rules/ Regulations:

      i. The Insurance Act, 1938 and Rules framed thereunder, the Insurance Regulatory and Development Authority of India Act, 1999, the Insurance Laws (Amendment) Act, 1999 and the regulations, guidelines, notifications, circulars and directives issued thereunder and in force, from time to time, to the extent applicable to Corporate Agents.

      ii. IRDA (Registration of Corporate Agents) Regulations, 2002 read with IRDAI (Registration of Corporate Agents) Regulations, 2015 and guidelines for the purpose.

I/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 Debt Listing Agreements entered into by the Company with Stock Exchange.

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

We further report that,

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors and Non-Executive Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent as per the provisions of the Act, and 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.

All decisions are taken unanimously. None of the members are interested. The same are captured and recorded as part of the minutes.

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

We further report that during the audit period the Company has transacted following material activities through the approval of Board/Members, wherever applicable:

Board resolutions for:

1. Allotment of 90,428 senior, secured, rated, unlisted, taxable, redeemable, transferable, non-convertible debentures of ₹ 5,000/- each on Private Placement basis on 17th July 2020 to AAV Sarl and Masala Investments Sarl;

2. Allotment of 320 secured, unrated, unlisted, redeemable, non-convertible debentures of ₹ 10,00,000/- each on Private Placement basis on 24th November 2020 to DWM Income Funds S.C.A. SICAV SIF – The Trill Impact – DWM SDGs Credit Fund;

3. Allotment of 740 senior, secured, rated, unlisted, redeemable, transferable, non-convertible debentures of ₹ 10,00,000/- each on Private Placement basis on 9th December 2020 to Nederlandse Financierings-Maatschappij VoorOntwikkelingslanden N.V.(FMO);

4. Allotment of 410 senior, secured, rated, unlisted, redeemable, transferable, non-convertible debentures of ₹ 10,00,000/- each on Private Placement basis on 25th February 2021 to AAV Sarl and Masala Investments Sarl;

5. Allotment of 2500 senior, secured, rated, unlisted, taxable, redeemable, transferable, non-convertible debentures of ₹ 1,00,000/- each on Private Placement basis on 18th March 2021 to Vivriti India Impact Bond Fund (acting through its trustee, Vistra (ITCL) India Limited;

6. Allotment of 2,000 senior, secured, rated, listed, taxable, redeemable, transferable, non-convertible debentures of ₹ 1,00,000/- each on Private Placement basis on 19th March 2021 to Vivriti Samarth Bond Fund (acting through its trustee, Vistra (ITCL) India Limited;

For Sachin Dedhia and Associates
Company Secretaries

Sachin Dedhia
Proprietor
Membership No.: A-20401 COP No. 9427
UDIN: A020401C000286117
Date: May 12, 2021
Mumbai

ANNEXURE-A
TO THE SECRETARIAL AUDIT REPORT

To,
The Members,
NeoGrowth Credit Private Limited

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 the random test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of Financial Records and Books of Account of the Company.

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

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

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

Date: May 12, 2021

Mumbai

CORPORATE GOVERNANCE REPORT

NeoGrowth recognises 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, accountability to its customers, Regulators and all other stakeholders. The activities of NeoGrowth are carried out in accordance with good corporate practices and the Company is constantly striving to improve them and adopt the best practices. The philosophy of NeoGrowth on Corporate Governance is founded upon a rich legacy of fair, ethical and transparent governance practices.

The Corporate Governance philosophy has been strengthened with the implementation by the Company of the Code of Conduct applicable to the Company and its employees.

PHILOSOPHY

The commitment of NeoGrowth to the highest standards of good corporate governance practices predates the Listing and other Corporate Regulations. Ethical dealings, transparency, fairness, disclosure and accountability are the main thrust on which NeoGrowth works.

NeoGrowth is committed to maintaining a high standard of corporate governance in complying with Master Direction on Non-Banking Financial Companies – Corporate Governance (Reserve Bank), DNBR. PD. 008/03.10.119/2016-17, 1st September 2016 updated time to time. Your Company, practices trustworthy, transparent, moral and ethical conduct, both internally and externally, and is committed towards maintaining the highest standards of Corporate Governance practices in the best interest of all its stakeholders. A detailed report on the Company's commitment at adopting good Corporate Governance Practices is given below:

BOARD OF DIRECTORS

The Corporate Governance principles of the Company ensure that the Board remains informed, independent and provides guidance to the Company. Further the Board is fully aware of its fiduciary responsibilities and recognises its responsibilities to stakeholders to uphold the highest standards in all matters concerning NeoGrowth. All the Directors of the Company are well qualified persons of proven competence and possess the highest level of personal and professional ethics, integrity and values. The Directors exercise their objective judgment independently. The Board is committed towards representing the long-term interests of its stakeholders. The Board members actively participate in all strategic issues which are crucial for the long term development of the organisation.

COMPOSITION

The size of the Board is commensurate with the size and business of the Company. At present, the Board comprises of one Executive Director and seven Non-Executive Directors. The Chairman of Company is a Non-Executive Directors.

As per Master Direction DNBR. PD. 008/03.10.119/2016-17 dated 1st September 2016 and updated thereof from time to time, all the Fit and Proper criteria in the appointment of Directors are duly followed by the Board of Directors.

NUMBER OF MEETINGS OF THE BOARD

The Company holds a minimum of four pre-scheduled Board meetings annually, one in each quarter. As a matter of good governance, the dates of the Board meetings are fixed in advance for the full calendar year to enable maximum attendance and participation from all the Directors. The relevant background materials of the agenda items are distributed well in advance of the meetings. All material information is presented for meaningful deliberations at the meeting. The Board on a continuous basis reviews the actions and decisions taken by it and by the Committees constituted by it. The Board members meet the senior management personnel every month.

During the FY 2020-21, the Board duly met 16 times on 28.05.2020, 22.06.2020, 30.06.2020, 14.07.2020, 23.07.2020, 05.10.2020, 29.10.2020, 12.11.2020, 30.11.2020, 29.01.2021, 16.02.2021, 27.02.2021, 05.03.2021 09.03.2021, 17.03.2021, 25.03.2021 and the gap between the two meetings did not exceed 120 days.

ATTENDANCE RECORD OF DIRECTORS

The Company ensures attendance of each director either physically or through audio-video means so that there is full participation by all the Members of the Board.

REMUNERATION TO THE DIRECTORS

The remuneration to the Directors is approved by the Nomination and Remuneration Committee and is commensurate with the industry practices. No sitting fees is paid to the Directors. The Company also has a Remuneration Policy in line with the regulatory requirements. The details of the remuneration paid to the Directors is provided in the Notes to Accounts and Directors Report.

COMMITTEES OF THE BOARD

To focus effectively on the issues and ensure expedient resolution of diverse matters, the Board has constituted a set of Committees with specific terms of reference/scope. The Committees operate as empowered agents of the Board as per their Charter/Terms of reference.

A. AUDIT COMMITTEE:

The Members of the Committee possess strong accounting and financial management knowledge. The composition of the Audit Committee as on 31st March 2021 is as under:

Name of the Member	Status	No. of Meeting attended
Bindu Ananth	Chairperson	5
Mahesh Krishnamurthy	Member	5
Michael Fernandes	Member	5
Ganesh Rengaswamy	Member	4
Piyush Kumar Khaitan	Member	5

The terms of reference of this Committee are in line with the regulatory requirements mandated in the Companies Act, 2013 and Rules made thereunder as amended from time to time. The scope of the Committee includes discussion with the Auditors on periodical basis, the observations of the Auditors, recommendation for appointment, review and monitor the auditor's independence, performance and effectiveness of audit process, remuneration and terms of appointment of auditors, evaluation of internal financial controls and risk management systems, examination of financial statement before submission to the Board, effective implementation of vigil mechanism of the Company and also oversee compliance of internal control systems.

During the FY 2020-21, the Audit Committee met 5 times on 28.05.2020, 30.06.2020, 23.07.2020, 29.10.2020, 29.01.2021.

B. NOMINATION AND REMUNERATION COMMITTEE

The composition of the Nomination and Remuneration Committee (NRC) as on 31st March 2021 is as under:

Name of the Member	Status	No. of Meeting attended
Michael Fernandes	Chairman	3
Bindu Ananth	Member	3
Mahesh Krishnamurthy	Member	3
Ganesh Rengaswamy	Member	2
Piyush Kumar Khaitan	Member	3

The terms of reference of this Committee are in line with the regulatory requirements mandated in the Companies Act, 2013 and Rules made thereunder as amended from time to time. The scope of the Committee includes an annual review of the Remuneration Policy, recommend to the Board appointment and removal of the Directors, carry out Director Performance evaluation, formulate the criteria for determining qualifications, review remuneration paid to the employees & directors and consider giving stock options to the employees of the Company.

During the FY 2020-21, NRC met 3 times on 28.05.2020, 23.07.2020, 29.01.2021 apart from regular meetings, as and when required.

C. CREDIT AND RISK MANAGEMENT COMMITTEE

The Credit and Risk Management Committee monitors risk management strategy of the Company. The composition of this Committee as on 31st March 2021 is as follows:

Name of the Member	Status	No. of Meeting attended
Mahesh Krishnamurthy	Chairman	3
Pranav Kumar	Member	3
Piyush Kumar Khaitan	Member	3

The terms of reference of the Committee includes approval and monitoring of the Company's risk management policies and procedures, review of operational risk, information technology risk and integrity risk, appraise the Board of Directors at regular intervals regarding the process of putting in place a progressive risk management system, risk management policy and strategy and to lay down procedures about the risk assessment and minimisation procedures.

During the FY 2020-21, the Credit and Risk Committee met 3 times on 28.05.2020, 23.07.2020, 29.01.2021.

D. MANAGEMENT COMMITTEE

The Management Committee of the Board comprises of all Directors. The Committee meets every month to review the performance of the Company. The composition of the Committee as on 31st March 2021 is as under:

Name of the Member	Status
Dhruv Kumar Khaitan	Chairperson
Piyush Kumar Khaitan	Member
Mahesh Krishnamurthy	Member
Kushal Agrawal	Member
Ganesh Rengaswamy	Member
Amit Mehta	Member
Michael Fernandes	Member
Bindu Ananth	Member
Pranav Kumar	Invitee

The Company through its functional/business heads makes presentations regularly to the Board in respect of operational performance, business strategies, quarterly and annual results, review of Internal Audit Report and statutory compliances, risk management and discuss upon the areas of improvement and prospective opportunities. This enables the Directors to get a regular and deeper insight into the operations of the Company.

E. CSR COMMITTEE

The Corporate Social Responsibility (CSR) Committee was formed as per the provisions of Section 135 of the Companies Act, 2013. The composition of the Committee as on 31st March 2021 is as under:

Name of the Member	Status
Bindu Ananth	Chairman
Mahesh Krishnamurthy	Member
Michael Fernandes	Member
Piyush Kumar Khaitan	Member

The terms of reference of this Committee are in line with the regulatory requirements. The terms of reference of this Committee includes to formulate and recommend to the Board CSR Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies act, 2013, to recommend the amount of expenditure to be incurred on the CSR activities and to institute a transparent monitoring mechanism for implementation of CSR activities.

F. ASSET LIABILITY MANAGEMENT COMMITTEE

As per the Reserve Bank of India's guidelines on Asset-Liability Management (ALM) System in NBFCs, the Asset Liability Committee (ALCO) is formed to oversee the implementation of ALM system and review its functioning periodically. The composition of ALCO as on 31st March 2021 is as under:

Name of the Member	Status	No. of Meeting attended
Piyush Kumar Khaitan	Chairman	21
Arun Nayyar	Member	22
B. Ravikumar	Member	22
G. K. Shettigar	Member	22

The terms of reference of this Committee are in line with the regulatory requirements. The terms of reference of this Committee include review and management of liquidity gaps and structural liquidity of the Company, review and management of interest rate sensitivity and develop a view on future direction on interest rate movements and decide on funding mixes.

During the FY 2020-21, the ALCO met 22 times on 03.04.2020, 09.04.2020, 16.04.2020, 23.04.2020, 30.04.2020, 08.05.2020, 14.05.2020, 21.05.2020, 29.05.2020, 06.06.2020, 18.06.2020, 06.07.2020, 17.07.2020, 06.08.2020, 20.08.2020, 15.09.2020, 23.09.2020, 28.10.2020, 25.11.2020, 25.12.2020, 27.01.2021, 25.02.2021.

G. IT STRATEGY COMMITTEE:

As per the RBI Master Direction – Information Technology Framework for the NBFC Sector dated 8th June 2017, the IT Strategy Committee is formed to review and amend the IT strategies in line with the corporate strategies, Board Policy reviews, cyber security arrangements and any other matter related to IT Governance. The composition as on 31st March 2021 is as under:

Name of the Member	Status	No. of Meeting attended
Bindu Ananth	Chairperson	2
Mahesh Krishnamurthy	Member	2
Michael Fernandes	Member	2
Piyush Kumar Khaitan	Member	2
Arun Nayyar	Member	2
B. Ravikumar	Member	2
Vamsi Ithamraju	Member	2

The terms of reference of this Committee are in line with the regulatory requirements. The terms of reference of this Committee include approving IT strategies, monitoring the method that management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resource, ensuring proper balance of IT investments for sustaining NBFC's growth and becoming aware about exposure towards IT risks and controls.

During the FY 2020-21, the IT Strategy committee met 2 times on 23.07.2020 and 17.02.2021.

H. BORROWING AND RESOURCES COMMITTEE:

The purpose of creating this committee was to approve all debt related matters of behalf of the board with short notice. The Board has delegated all powers for approval of any borrowing and resource raising within the overall borrowing limits as approved by shareholders to this committee except the private placement of Non-Convertible Debenture, as the same can be approved only by the Board of Directors as per Companies Act 2013. The Composition of the committee as on 31st March 2021 is as follows:

Name of the Member	Status
Dhruv Kumar Khaitan	Chairperson
Mahesh Krishnamurthy	Member
Amit Mehta	Member
Pranav Kumar	Member
Piyush Kumar Khaitan	Member

The committee did not conduct any meeting for FY 2020-21.

Performance evaluation

Pursuant to the provisions of the Companies Act, 2013, the Board has carried out an annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Audit and Nomination & Remuneration Committees.

The main criteria on which the evaluations were carried out were the contribution of the Director in the various deliberations and discussions at the Board and its Committee meetings on matters related to strategy, risk, business performance and growth as well as awareness on norms relating to Corporate Governance, disclosure and legal compliances and contribution of new insights and ideas on business management and growth.

Whistle-blower policy/vigil mechanism

The Company has a whistle-blower policy encompassing vigil mechanism pursuant to the requirements of the Section 177(9) of the Act. The policy/vigil mechanism enables directors and employees to report to the Management their concerns about unethical behaviours, actual or suspected fraud or violation of the Company's code of conduct or ethics policy and leak or suspected leak of unpublished price sensitive information.

Nodal Officer/Grievance Redressal Officer

The Company has appointed a Nodal Officer to represent and furnish information to the RBI Ombudsman in terms of Ombudsman Scheme for Non-Banking Financial Companies, 2018. The Company also had a Grievance Redressal Policy and a Grievance Redressal Officer to address queries and grievances of the customers.

Disclosure under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company strives to impart knowledge to its employees in this regard through trainings and awareness programmes. Prevention of Sexual Harassment (PoSH) Awareness Session was conducted for Pan India Locations. The Company also conducted workshops on Self Defence for employees to protect and learn to take control.

During the year, no Complaint was received by the Sexual Harassment Committee.

SECRETARIAL AUDIT

The Company annually conducts a secretarial audit by an independent practicing company secretary. For the year ended 31st March 2021, M/s. Sachin Dedhia & Associates, company secretaries, have conducted the secretarial audit and the certificate was placed before the board and attached to this report

ISO 9001:2015 certification

NeoGrowth has successfully sustained the ISO 9001 Certification by clearing the second Surveillance Audit at Delhi, Vijaywada and Mumbai Branches.

RELATED PARTY TRANSACTIONS

During the financial year 2020-21, no transactions of material nature had been entered into by the Company that may have a potential conflict with interest of the Company. The details of related party transactions are disclosed in Notes to Financial Statement.

GENERAL MEETINGS

The details of the Annual General Meetings (AGM) of the Company held in the last three years are as follows:

Year	Annual General Meeting	Location	Date and Time	Details of Special Resolutions passed
2019-20	27th Annual General Meeting	Through Video Conferencing	7th August 2020 Time 12:30 p.m.	APPROVE LIMIT OF PRIVATE PLACEMENT OF NCDs
2018-19	26th Annual General Meeting	503, Tower 2B, One IndiaBulls Centre, 841, S. B. Marg, Elphinstone Road, Mumbai – 400 013	4th July 2019 Time: 3:30 p.m.	INCREASE IN LIMIT FOR PRIVATE PLACEMENT OF NCDs
2017-18	25th Annual General Meeting	Peninsula Business Park, 802, Tower A, 08th Floor, Ganpatrao Kadam Marg, Lower Parel (West), Mumbai - 400 013	26th July 2018 Time: 4:00 p.m.	INCREASE IN LIMIT FOR PRIVATE PLACEMENT OF NCDs

INDEPENDENT AUDITOR'S REPORT

To the Members of NeoGrowth Credit Private Limited

REPORT ON THE AUDIT OF THE IND AS FINANCIAL STATEMENTS

OPINION

We have audited the accompanying Ind AS financial statements of NeoGrowth Credit Private Limited ("the Company"), which comprise the Balance sheet as at 31st March 2021, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the Ind AS 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 Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2021, its loss including other comprehensive income its cash flows and the changes in equity for the year ended on that date.

BASIS FOR OPINION

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing (SAs), as 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 Ind AS 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 together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

EMPHASIS OF MATTER

We draw attention to Note 42.5 to the Financial Statement, which describes the economic and social disruption as a result of COVID-19 pandemic of the Company's estimates of impairment of loans to customers which are highly dependent on uncertain future developments. Our opinion is not modified in respect of this matter.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Ind AS financial statements for the financial year ended 31st March 2021. These matters were addressed in the context of our audit of the Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the Ind AS financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying Ind AS financial statements.

Key audit matters	How our audit addressed the key audit matter
Impairment of financial assets (including provision for expected credit loss) (as described in note 8 and 42 of the Ind AS financial statements)	
The Company's impairment provision for financial assets (designated at amortised cost and fair value through other comprehensive income) is based on the expected credit loss approach ('ECL') laid down under 'Ind AS 109 Financial instruments'. ECL involves an estimation of probability-weighted loss on financial instruments over their life, considering reasonable and supportable information about past events, current conditions, and forecasts of future economic conditions which could impact the credit quality of the Company's loans and advances. In the process, a significant degree of judgement has been applied by the management for: • Grouping of borrowers on the basis of homogeneity given the variety of products;	• Read and assessed the Company's accounting policy for impairment of financial assets and its compliance with Ind AS 109 and the governance framework approved by the Board of Directors pursuant to Reserve Bank of India guidelines issued on 13th March 2020. • Tested the operating effectiveness of the controls for staging of loans based on their past-due status. Tested a sample of performing (stage 1) loans to assess whether any Significant Increase in Credit Risk ('SICR") or loss indicators were present requiring them to be classified under stage 2 or 3.

Key audit matters	How our audit addressed the key audit matter
• Staging of loans and estimation of behavioural life; • Calculation of past default rates; • Assigning rating grades to loans for which external rating is not available; • Calibrating scores-linked probability of default to align with past default rates; • Calibrating the loss given default where the impairment provision is calculated on a pool level; • Applying macro-economic factors to arrive at forward looking probability of default; • Significant assumptions regarding the probability of various scenarios and discounting rates for different loan products. **Additional considerations on account of COVID-19** Pursuant to the Reserve Bank of India circular dated 6th August 2020 ("RBI circulars") allowing lending institutions to offer resolutions to borrowers under stress on account of COVID-19 in form of onetime restructuring of Loans, the Company has extended this benefit In accordance with board approved policy as described in Note 42.5. The Company has recorded a management overlay of around ₹5 Crore as part of its ECL, to reflect among other things an increased risk of deterioration in macro-economic factors caused by COVID-19 pandemic and also taken some incremental write-off of certain which it deems not recoverable as of 31st March 2021. Given the unique nature and scale of the economic impact of this pandemic, the management overlay is based on various uncertain variables, which could result in actual credit loss being different than that being estimated. In view of the high degree of estimation involved in the process of calculating impairment provision, accentuated by the COVID-19 pandemic and considering its significance to the overall financial statements, whereby any error or omission in estimation may give rise to a material misstatement of the Ind AS financial statements, it is considered as a key audit matter.	• Assessed the additional considerations applied by the management for staging of loans as SICR or default categories in view of Company's policy on one-time loan restructuring (OTR). • Performed tests of details, on a sample basis and inspected the repayment schedule from the underlying borrower agreements and collections made on the due dates which formed the basis of the staging of loans. • Tested the ECL model and computation for its: o Model/methodology used for various loan products including; o Management's grouping of borrowers on basis of different product lines and customer segments with different risk characteristics; o Various assumptions for calculation of expected loss viz. probability of default, loss given defaults, exposure at default, discounting factors applied by the management along with Management's governance process and documentation of its assumptions; o Basis of floor/minimum rates of provisioning applied by the Company for loan products with inadequate historical defaults; o We performed test of details of the inputs information used in the ECL computation, on a sample basis. • Tested the arithmetical accuracy of computation of ECL provision performed by the Company. • Performed analytical procedures by determining various ratios or percentage-based measures to review overall reasonableness of the estimate determined by the management. • Tested assumptions used by the management in determining the overlay for macro-economic factors (including COVID-19 pandemic). • Assessed disclosures included in the Ind AS financial statements in respect of expected credit losses including the specific disclosures made with regards to the management's evaluation of the uncertainties arising from COVID-19 and its impact on ECL estimation.
IT systems and controls	
The reliability and security of IT systems play a key role in the business operations and financial accounting and reporting process of the Company. Since large volume of transactions are processed daily, the IT controls are required to ensure that applications process data as expected and that changes are made in an appropriate manner. Any gaps in the IT control environment could result in a material misstatement of the financial accounting and reporting records. Therefore, due to complexity of the IT environment, the assessment of the general IT controls and the application controls specific to the accounting and preparation of the financial information is considered to be a key audit matter.	We performed the following procedures for testing IT general controls and for assessing the reliability of electronic data processing, assisted by specialised IT auditors: • The aspects covered in the IT General Control audit were (i) User Access Management (ii) Programme Change Management (iii) Other related ITGCs – to understand the design and test the operating effectiveness of such controls; • Assessed the changes that were made to the key systems during the audit period and assessing changes that have impact on financial reporting; • Tested the periodic review of access rights. We inspected requests of changes to systems for appropriate approval and authorisation; • Performed tests of controls (including other compensatory controls wherever applicable) on the IT application controls and IT dependent manual controls in the system; • Tested the design and operating effectiveness of compensating controls, where deficiencies were identified and, where necessary, extended the scope of our substantive audit procedures.

OTHER INFORMATION

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 Ind AS financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after that date.

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF MANAGEMENT FOR THE IND AS 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 of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE IND AS FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the Ind AS 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 Ind AS financial statements.

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

- Identify and assess the risks of material misstatement of the Ind AS 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 with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures,

and whether the Ind AS 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 Ind AS financial statements for the financial year ended 31st March 2021 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 the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. 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 the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

   (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

   (e) On the basis of the written representations received from the directors as on 31st March 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2021 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 Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

   (g) The provisions of Section 197 read with Schedule V of the Act are not applicable to the Company for the year ended 31st March 2021;

   (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 Ind AS financial statements – Refer Note 37 to the Ind AS financial statements;

      ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 6 to the Ind AS financial statements;

      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration No.: 101049W/E300004

per Bharath N. S.
Partner
Membership No.: 210934
UDIN: 21210934AAAACG5594
Place: Chennai
Date: 12th May 2021

ANNEXURE 1

referred to in paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date

Re: NeoGrowth Credit Private Limited ('the Company')

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the Property, plant and equipment.

(b) All fixed assets were physically verified by the management during the year in accordance with a planned programme of verifying them once in two years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As informed, no material discrepancies were noticed on such verification.

(c) According to the information and explanations given by the management, there are no immovable properties, included in Property, plant and equipment of the Company and accordingly, the requirements under paragraph 3(i)(c) of the Order are not applicable to the Company.

(ii) The Company's business does not involve inventories and, accordingly, the requirements under paragraph 3(ii) of the Order are not applicable to the Company and hence not commented upon.

(iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.

(iv) In our opinion and according to the information and explanations given by the management, considering the nature of the Company and that the Company is registered as a non-banking finance company to which provisions of Sections 185 and 186 of the Companies Act, 2013 are not applicable, and hence reporting under clause (iv) of the Order is not applicable.

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

(vi) To the best of our knowledge and as explained, the Company is not in the business of sale of any goods. Therefore, in our opinion, the provisions of clause 3(vi) of the Order are not applicable to the Company.

(vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and service tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities though there has been minor delay in few cases for provident fund and professional tax. As informed to us the provisions of sales-tax, duty of customs, duty of excise and value added tax are not applicable to the Company.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, goods and service tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable. As informed to us the provisions of sales-tax, duty of customs, duty of excise and value added tax are not applicable to the Company.

(c) According to the information and explanations given to us, there are no dues of income tax, sales-tax, goods and service tax, customs duty, excise duty, value added tax and cess which have not been deposited on account of any dispute.

(viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to a financial institution and banks or dues to debenture holders. The Company has not taken any loan from government.

(ix) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not raised any money by way of initial public offer or further public offer, hence not commented upon.

Further, monies raised by the Company by way of debt instruments and term loans were applied for the purpose for which those were raised, though idle/ surplus funds which were not required for immediate utilisation were gainfully invested in liquid investments payable on demand.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.

(xi) According to the information and explanations given by the management, the provisions of Section 197 read with Schedule V of the Act are not applicable to the Company and hence reporting under clause 3(xi) are not applicable and hence not commented upon.

(xii) In our opinion, the Company is not a nidhi Company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.

(xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with Sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the Company and, not commented upon.

(xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in Section 192 of Companies Act, 2013.

(xvi) According to the information and explanations given to us, we report that the Company has registered as required, under Section 45-IA of the Reserve Bank of India Act, 1934.

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration No.: 101049W/E300004

per Bharath N. S.
Partner
Membership No.: 210934
UDIN: 21210934AAAACG5594
Place: Chennai
Date: 12th May 2021

ANNEXURE 2

to the Independent's Report of even date on the Ind AS Financial Statements of NeoGrowth Credit Private Limited

REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")

To the Members of NeoGrowth Credit Private Limited

We have audited the internal financial controls with reference to the financial statements of NeoGrowth Credit Private Limited ("the Company") as of 31st March 2021 in conjunction with our audit of the Ind AS 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 the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls with reference to these Ind AS financial statements 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 as specified under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by 'ICAI'. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to these Ind AS financial statements 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 with reference to these Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls with reference to Ind AS financial statements included obtaining an understanding of internal financial controls with reference to these Ind AS financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THESE IND AS FINANCIAL STATEMENTS

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

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THESE IND AS FINANCIAL STATEMENTS

Because of the inherent limitations of internal financial controls with reference to these Ind AS financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to these Ind AS financial statements to future periods are subject to the risk that the internal financial control with reference to these Ind AS financial statements 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, the Company has, in all material respects, adequate internal financial controls with reference to these Ind AS financial statements and such internal financial controls with reference to these Ind AS financial statements were operating effectively as at 31st March 2021, based on the internal control criteria established by the Company considering the essential components of internal control stated in the Guidance Note.

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration No.: 101049W/E300004

per Bharath N. S.
Partner
Membership No.: 210934
UDIN: 21210934AAAACG5594
Place: Chennai
Date: 12th May 2021

BALANCE SHEET

as at 31st March 2021

(₹ in Lakh)

	Notes	As at 31st March 2021	As at 31st March 2020
I. ASSETS			
1. Financial assets			
Cash and cash equivalents	4	5,453.22	16,560.60
Bank balance other than above	5	25,807.81	5.91
Derivative financial instruments	6	-	550.84
Receivables	7		
Trade receivables		0.01	-
Loans	8	1,21,690.53	1,24,531.02
Investments	9	8,255.93	-
Other financial assets	12	1,954.13	1,814.04
2. Non-financial assets			
Deferred tax assets (net)	31	4,524.06	3,110.46
Property, plant and equipment	10	172.13	195.58
Right-of-use assets	11	2,636.39	2,426.57
Other intangible assets	13	46.25	91.87
Other non-financial assets	14	979.33	1,376.82
Total assets		**1,71,519.79**	**1,50,663.71**
II. LIABILITIES AND EQUITY			
Liabilities			
1. Financial liabilities			
Derivative financial instruments	6	26.65	-
Trade Payables			
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		1,118.55	920.61
Debt securities	15	88,842.98	73,302.22
Borrowings (other than debt securities)	16	41,285.73	34,317.77
Other financial liabilities	17	4,019.25	3,493.82
2. Non-financial liabilities			
Provisions	18	805.83	361.61
Other non-financial liabilities	19	230.09	220.41
Total liabilities		**1,36,329.08**	**1,12,616.44**
Equity			
Equity share capital	20	6,355.36	6,355.36
Other equity	21	28,835.35	31,691.91
Total equity		**35,190.71**	**38,047.27**
Total liabilities and equity		**1,71,519.79**	**1,50,663.71**
Summary of significant accounting policies	3		

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration No. 101049W/E300004

per Bharath N. S.
Partner
Membership No. 210934
Place: Chennai

Date: 12th May 2021

For and on behalf of the Board of Directors

Dhruv Khaitan
Chairman
(DIN: 00002584)
Place: Mumbai

Piyush Khaitan
Managing Director
(DIN: 00002579)
Place: Bengaluru

B. Ravi Kumar
CFO & CS
(M. No. 11172)
Place: Mumbai

Arun Nayyar
CEO
Place: Mumbai

Date: 12th May 2021

STATEMENT OF PROFIT AND LOSS

for the year ended 31st March 2021

(₹ in Lakh)

	Notes	Year ended 31st March 2021	Year ended 31st March 2020
Revenue from operations			
(i) Interest income	22	32,673.25	31,835.37
(ii) Fee and commission income	23	341.22	1,009.39
(iii) Net gain on fair value changes	24	103.90	714.70
(I) Total revenue from operations		**33,118.37**	**33,559.46**
(II) Other income	25	195.39	150.84
(III) Total income (I + II)		**33,313.76**	**33,710.30**
Expenses			
(i) Finance cost	26	13,571.69	11,319.87
(ii) Impairment on financial instruments	27	12,731.21	9,240.45
(iii) Employee benefit expense	28	7,376.04	6,865.28
(iv) Depreciation, amortisation and impairment	29	968.47	1,005.21
(v) Other expenses	30	3,088.85	4,741.99
(IV) Total expenses		**37,736.26**	**33,172.80**
(V) Profit/(loss) before exceptional items and tax (III - IV)		**(4,422.50)**	**537.50**
(VI) Exceptional items		-	-
(VII) Profit/(loss) before tax (V - VI)		**(4,422.50)**	**537.50**
(VIII) Tax expense:			
(1) Current tax	31	-	214.23
(2) Earlier year adjustments	31	-	282.88
(3) Deferred tax charge/(credit)	31	(1,413.46)	343.69
(IX) Profit/(loss) for the year (VII - VIII)		**(3,009.04)**	**(303.30)**
(X) Other comprehensive income			
A. Items that will not be reclassified to profit or loss			
Remeasurement gain/(loss) on defined benefit plan		(5.71)	(21.31)
		(5.71)	**(21.31)**
Total (A)		**(5.71)**	**(21.31)**
B. Items that will be classified to profit or loss			
Cash flow hedge			
Net loss for the year		(0.53)	(397.96)
Income tax impact		0.13	100.16
Net gain/(loss) on cash flow hedge		**(0.40)**	**(297.80)**
Total (B)		**(0.40)**	**(297.80)**
Other comprehensive income (A + B)		**(6.11)**	**(319.11)**
(XI) Total comprehensive income (IX + X)		**(3,015.15)**	**(622.41)**
(XII) Earnings per equity share			
Basic (₹)	32	(16.72)	(3.46)
Diluted (₹)	32	(16.72)	(3.46)
Summary of significant accounting policies	3		

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For and on behalf of the Board of Directors

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration No. 101049W/E300004

Dhruv Khaitan
Chairman
(DIN: 00002584)
Place: Mumbai

Piyush Khaitan
Managing Director
(DIN: 00002579)
Place: Bengaluru

per Bharath N. S.
Partner
Membership No. 210934
Place: Chennai

B. Ravi Kumar
CFO & CS
(M. No. 11172)
Place: Mumbai

Arun Nayyar
CEO
Place: Mumbai

Date: 12th May 2021

Date: 12th May 2021

STATEMENT OF CHANGES IN EQUITY

for the year ended 31st March 2021

A. EQUITY SHARE CAPITAL

	(₹ in Lakh)
Equity shares of ₹ 10 each issued, subscribed and fully paid	
As at 31st March 2020	1,800.06
As at 31st March 2021	**1,800.06**

B. OTHER EQUITY

(₹ in Lakh)

	Equity component of compound financial instrument	Reserves and Surplus				Other comprehensive income		Total
		Statutory reserve	Share options outstanding account	Securities premium account	Retained earnings	Cash flow hedge reserve	Actuarial gains/(losses)	
Balance as at 1st April 2019	**4,555.30**	**202.45**	**570.70**	**42,518.24**	**(11,201.59)**	**-**	**65.76**	**36,710.87**
Dividends	-	-	-	-	(0.46)	-	-	(0.46)
ESOP Cost recognised during the year	-	-	159.21	-	-	-	-	159.21
Profit/(loss) for the year after income tax	-	-	-	-	(303.30)	-	-	(303.30)
Other Comprehensive Income for the year before income tax	-	-	-	-	-	(397.96)	(21.31)	(419.27)
Less: Income Tax	-	-	-	-	-	100.16	-	100.16
Total Comprehensive Income for the year	**-**	**-**	**159.21**	**-**	**(303.76)**	**(297.80)**	**(21.31)**	**(463.66)**
Balance as at 31st March 2020	**4,555.30**	**202.45**	**729.92**	**42,518.24**	**(11,505.34)**	**(297.80)**	**44.44**	**36,247.21**
Dividends	-	-	-	-	(0.46)	-	-	(0.46)
ESOP Cost recognised during the year	-	-	159.04	-	-	-	-	159.04
Profit/(loss) for the year after income tax	-	-	-	-	(3,009.04)	-	-	(3,009.04)
Other Comprehensive Income for the year before income tax	-	-	-	-	-	(0.53)	(5.71)	(6.24)
Less: Income Tax	-	-	-	-	-	0.13	-	0.13
Total Comprehensive Income for the year	**-**	**-**	**159.04**	**-**	**(3,009.50)**	**(0.40)**	**(5.71)**	**(2,856.57)**
Balance as at 31st March 2021	**4,555.30**	**202.45**	**888.96**	**42,518.24**	**(14,514.84)**	**(298.20)**	**38.73**	**33,390.64**

Summary of significant accounting policies 3

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration No. 101049W/E300004

per Bharath N. S.
Partner
Membership No. 210934

Place: Chennai
Date: 12th May 2021

For and on behalf of the Board of Directors

Dhruv Khaitan
Chairman
(DIN: 00002584)
Place: Mumbai

Piyush Khaitan
Managing Director
(DIN: 00002579)
Place: Bengaluru

B. Ravi Kumar
CFO & CS
(M. No. 11172)
Place: Mumbai

Arun Nayyar
CEO
Place: Mumbai

Date: 12th May 2021

CASH FLOW STATEMENT

for the year ended 31st March 2021

(₹ in Lakh)

	Year ended 31st March 2021	Year ended 31st March 2020
Operating activities		
Profit/(Loss) before tax	(4,422.50)	537.50
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation, amortisation and impairment	968.47	1,005.21
Non-cash adjustment made for creation and foreclosure of Right-of-use assets	(152.78)	(34.66)
Effective Interest Rate adjustment in Borrowings	(146.78)	(202.18)
Interest Income on security deposits	(131.33)	(50.83)
Interest on Lease liability	320.04	323.22
Interest on Debt Securities	9,346.60	8,644.95
Interest on Borrowings	2,551.56	1,682.57
Employee Benefit expenses	671.04	159.21
Profit on sale of property, plan and equipment	-	(0.09)
Impairment on financial instruments	12,731.21	9,240.45
Remeasurement gain/(loss) on defined benefit plan	(5.71)	(21.31)
Net Gain on fair value of Investments	(103.90)	(714.70)
Working capital changes		
(Increase)/Decrease in Loan	(9,947.53)	(39,021.98)
(Increase)/Decrease in Receivables	(0.01)	12.35
(Increase)/Decrease in Other Financial Assets	(124.24)	(1,268.49)
(Increase)/Decrease in Other Non-Financial Assets	(4.90)	(103.00)
(Increase)/Decrease in Bank balance other than cash and cash equivalents	(25,801.90)	174.43
Increase/(Decrease) in Trade payable	197.94	755.08
Increase/(Decrease) in Other financial liabilities	438.29	469.98
Increase/(Decrease) in Provisions	(20.83)	(1,438.56)
Increase/(Decrease) in Other non-financial Liabilities	9.68	33.11
Interest Paid on Debt Securities and Borrowings	(11,321.75)	(10,239.34)
Income tax paid/refund received (Net of refunds/payments)	402.39	(292.57)
Net cash flows used in operating activities	**(24,546.94)**	**(30,349.65)**
Investing activities		
Proceeds from sale of property, plan and equipment	9.00	0.10
Purchase of property, plan and equipment	(108.83)	(86.93)
Purchase of intangible assets	-	(57.00)
Proceeds from redemption of Investments in Mutual Funds	86,123.28	387,820.59
Investments in Mutual Funds	(94,275.31)	(371,658.00)
Net cash flows used in investing activities	**(8,251.86)**	**16,018.76**
Financing activities		
Debt securities issued	23,721.40	21,530.00
Debt securities repaid	(8,600.00)	(17,304.67)
Borrowings other than debt securities taken	17,444.85	30,841.11
Borrowings other than debt securities repaid	(9,910.19)	(6,878.05)
Interest paid on lease liability	(320.04)	(323.22)
Principal portion of lease liability except short-term lease payments	(644.60)	(671.08)
Net cash flows from financing activities	**21,691.42**	**27,194.09**
Net increase/(decrease) in cash and cash equivalents	**(11,107.38)**	**12,863.20**

CASH FLOW STATEMENT
for the year ended 31st March 2021

(₹ in Lakh)

	Year ended 31st March 2021	Year ended 31st March 2020
Cash and cash equivalents at 1st April	16,560.60	3,697.40
Cash and cash equivalents at 31st March (refer Note 4)	**5,453.22**	**16,560.60**
Operational cash flows from interest and dividends		
Interest paid	11,321.75	10,239.34
Short-term lease payments	6.45	15.51

Notes:

- The above Statement of Cash Flows has been prepared under the indirect method as set out in Ind AS 7 'Statement of Cash Flows'.
- Components of cash and cash equivalents are disclosed in Note 4.
- For disclosures relating to changes in liabilities arising from financing activities, refer Note 36.

As per our report of even date

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration No. 101049W/E300004

per Bharath N. S.
Partner
Membership No. 210934
Place: Chennai

Date: 12th May 2021

For and on behalf of the Board of Directors

Dhruv Khaitan
Chairman
(DIN: 00002584)
Place: Mumbai

Piyush Khaitan
Managing Director
(DIN: 00002579)
Place: Bengaluru

B. Ravi Kumar
CFO & CS
(M. No. 11172)
Place: Mumbai

Arun Nayyar
CEO
Place: Mumbai

Date: 12th May 2021

NOTES TO FINANCIAL STATEMENTS
for the as at/year ended 31st March 2021

ACCOUNTING POLICIES

NOTE 1: CORPORATE INFORMATION

NeoGrowth Credit Private Limited (the 'Company' or 'NeoGrowth') is a Private Limited Company domiciled in India and incorporated on 17th May 1993 under the provisions of Companies Act, 1956. The Company has received a Certificate of Registration from the Reserve Bank of India ('RBI') under Section 45 – IA of the Reserve Bank India Act, 1934 on 13th September 2001 to commence/ carry on the business of Non-Banking Financial Institution ('NBFC') without accepting public deposits. Presently the Company is engaged in providing business loans to small and medium enterprise. The financial statements has been approved in its Board meeting held on 12th May 2021

NOTE 2: BASIS OF PREPARATION AND PRESENTATION

a) Basis of preparation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended ('Ind AS Rules') (as amended from time to time).

Presentation of financial statements:

The Company presents its balance sheet in order of liquidity in compliance with the Division III of the Schedule III to the Companies Act, 2013. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non–current) is presented in "Note 35: Maturity Profile".

Financial assets and financial liabilities are generally reported gross in the balance sheet. They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event, the parties also intend to settle on a net basis in all of the following circumstances:

- The normal course of business
- The event of default
- The event of insolvency or bankruptcy of the Company and or its counterparties

b) Basis of measurement

The financial statements have been prepared on a historical cost basis, except for certain financial instruments which are measured at fair value at the end of each reporting period, as explained in the accounting policies below. 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.

c) Functional and presentation currency

The financial statements are presented in Indian Rupees which is the functional currency of the Company and the currency of the primary economic environment in which the Company operates and all values are rounded to the nearest Lakh, except when otherwise indicated.

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES

3.1 Use of estimates, judgements and assumptions

The preparation of financial statements in conformity with the Ind AS requires the management to make judgements, 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.

3.2 Recognition of Income

Revenue (other than for those items to which Ind AS 109 Financial Instruments are applicable) is measured at fair value of the consideration received or receivable. Ind AS 115 Revenue from contracts with customers outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue recognition guidance found within Ind ASs.

The Company recognises revenue from contracts with customers based on a five step model as set out in Ind AS 115:

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to provide service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for

Notes to Financial Statements

for the as at/year ended 31st March 2021

transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the Company satisfies a performance obligation.

a) Interest and similar Income

Under Ind AS 109 interest income is recorded using the Effective Interest Rate (EIR) method for all financial instruments measured at amortised cost, debt instrument measured at FVOCI and debt instruments designated at FVTPL. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

The EIR (and therefore, the amortised cost of the asset) is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the EIR. The Company recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loan. Hence, it recognises the effect of potentially different interest rates charged at various stages, and other characteristics of the product life cycle (including prepayments, penalty interest and charges).

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk. The adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the balance sheet with an increase or reduction in interest income. The adjustment is subsequently amortised through Interest income in the statement of profit and loss.

The Company calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets. When a financial asset becomes credit-impaired and is, therefore, regarded as 'Stage 3', the Company calculates interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial assets cures and is no longer credit-impaired, the Company reverts to calculating interest income on a gross basis.

b) All other charges such as cheque return charges, overdue charges etc. are recognised on realisation basis. These charges are treated to accrue on realisation, due to the uncertainty of their realisation.

c) Revenue from fee-based activities are recognised as and when the services are rendered. Fees earned from contract with customer is recognised point in time when performance obligation is satisfied (when the trade is executed). Fees and commissions arising from negotiating or participating in the negotiation of a transaction for a third party, such as the arrangement/ participation, syndication fees, consortium fees, are recognised on completion of the underlying transaction. Fees or components of fees that are linked to a certain performance are recognised after fulfilling the corresponding criteria.

d) The Company designates certain financial assets for subsequent measurement at Fair Value Through Profit or Loss (FVTPL). The Company recognises gains on fair value change of financial assets measured at FVTPL and realised gains on derecognition of financial asset measured at FVTPL on net basis.

3.3 Property, Plant and Equipment (PPE)

An item is recognised as an asset, if and only if, it is probable that the future economic benefits associated with the item will flow to the Company and its cost can be measured reliably. PPE are initially recognised at cost. The initial cost of PPE comprises its purchase price (including non-refundable duties and taxes but excluding any trade discounts and rebates), and any directly attributable cost of bringing the asset to its working condition and location for its intended use. Subsequent to initial recognition, PPE are stated at cost less accumulated depreciation and any impairment losses. When significant parts of property, plant and equipment are required to be replaced in regular intervals, the Company recognises such parts as separate component of assets. When an item of PPE is replaced, then its carrying amount is de-recognised from the balance sheet and cost of the new item of PPE is recognised. The expenditures that are incurred

Notes to Financial Statements

for the as at/year ended 31st March 2021

after the item of PPE has been put to use, such as repairs and maintenance, are normally charged to the statement of profit and loss in the period in which such costs are incurred. However, in situations where the said expenditure can be measured reliably, and is probable that future economic benefits associated with it will flow to the Company, it is included in the asset's carrying value or as a separate asset, as appropriate.

Depreciation on fixed assets is calculated using the Written Down Value (WDV) method and Straight-Line Method (SLM) as per the remaining useful life of assets estimated by the management.

The estimated useful lives are, as follows:

Particulars	Useful Life of Assets	Depreciation Method
Leasehold Improvements	As per Lease period	SLM
Office Equipments	5 years	WDV
Computers		
Servers	6 years	WDV
Others	3 years	WDV
Software		
Advance Suite	7 years	SLM
PayLater Software	5 years	SLM
SUN Infor	3 years	SLM
Furniture & Fixtures	10 years	WDV

The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

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.

No salvage value has been estimated in case of license property improvement work and advance suite.

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 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 operating income in the Statement of profit and loss in the year in which 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.

3.4 Intangible assets

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. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment loss. Intangible assets are amortised on a straight-line basis over the estimated useful economic life. The Company considers that the useful life of an intangible asset will not exceed 6 years from the date when the asset is available for use.

Intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

3.5 Impairment of non-financial assets

An assessment is done at each Balance Sheet date to ascertain whether there is any indication that an asset may be impaired. If any such indication exists, an estimate of the recoverable amount of asset is determined. If the carrying value of relevant asset is higher than the recoverable amount, the carrying value is written down accordingly.

3.6 Leases

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.

Notes to Financial Statements

for the as at/year ended 31st March 2021

Company as a lessee

Identifying a lease

At the inception of the contract, the Company assesses whether a contract is, or contain, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company assesses whether:

i. The contract involves the use of an identified asset, this may be specified explicitly or implicitly.

ii. The Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use, and

iii. The Company has right to direct the use of the asset.

This policy is applied to contracts entered into, or changed, on or after 1st April 2018.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component based on their relative stand-alone prices.

Recognition of right of use asset

The Company recognises a right of use asset at the lease commencement date of lease and comprises of the initial lease liability amount, plus any indirect costs incurred.

Subsequent measurement of right of use asset

The right of use asset is subsequently amortised using the straight-line method from the commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term, whichever is lesser. In addition, the right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurement of the lease liability.

Recognition of lease liability

The lease liability is initially measured at the present value of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the incremental borrowing rate.

Subsequent measurement of lease liability

Lease liability is measured at amortised cost using the effective interest method. The lease payments are apportioned between the finance charges and reduction of the lease liability using the incremental borrowing rate implicit in the lease to achieve a constant rate of interest on the remaining balance of the liability.

It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. Whenever the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right of use asset or is recorded in profit or loss of the carrying amount of the right of use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Company has elected by class of underlying asset to not recognise right of use assets and lease liabilities for short-term leases that have a lease term of 12 months and leases for which the underlying asset is of low value.

In case of short-term leases and leases for which the underlying asset is of low value, the Company has elected not to apply the requirements of Ind AS 116 and the lease payments associated with those leases are recognised as an expense on a straight-line basis.

3.7 Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognises contribution payable to the provident fund scheme as an expense, when an 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.

Gratuity

The Company operates a defined benefit gratuity plan in India, which requires contributions to be made to a separately administered fund.

The fund is administered by Life Insurance Corporation of India (LIC). The gratuity liability is calculated using the Projected Unit Credit Method which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measure each unit separately to build up the final obligation. The obligation is measured at the present value of

Notes to Financial Statements

for the as at/year ended 31st March 2021

estimated future cash flows. The discount rates used for determining the present value of obligation, is based on the market yields on Government securities as at the Balance Sheet date, having maturity periods approximating to the terms of related obligations.

The actual return on the plan assets above or below the discount rate is recognised as part of remeasurement of net defined liability or asset through other comprehensive income. 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.

Remeasurement, comprising of actuarial gains and losses and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit and loss in subsequent periods. The effect of any planned amendments are recognised in Statement of Profit and Loss.

Short-term employee benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. These benefits include compensated absences such as paid annual leave and sickness leave. The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognised in the Statement of Profit and Loss during the year.

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.

Compensated absence

Compensated absence which is a defined benefit, is accrued based on an actuarial valuation at the balance sheet date carried out by an independent actuary.

3.8 Foreign currency translation

Functional and presentational currency – The financial statements are presented in INR which is also functional currency of the Company.

Transactions and balances – Transactions in foreign currencies are initially recorded in the functional currency at the spot rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated into the functional currency at the spot rate of exchange at the reporting date. All differences arising on non–trading activities are taken to other income/expense in the statement of profit and loss.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the spot exchange rates as at the date of recognition.

3.9 Borrowing cost

Borrowing cost includes interest, amortisation of ancillary costs based on Effective Interest Rate method (EIR), incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

3.10 Taxes

Income tax expense comprises of current and deferred tax. Current/Deferred tax is recognised in the Statement of Profit and Loss except to the extent it relates to a business combination or to an item which is recognised directly in equity or in other comprehensive income in which case the related income tax is also recognised accordingly. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities; and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority. The Company only off-sets its deferred tax assets against liabilities when there is both a legal right to offset and it is the Company's intention to settle on a net basis.

Notes to Financial Statements

for the as at/year ended 31st March 2021

i) Current Taxes

Current tax is the amount of income taxes payable/ receivable in respect of taxable profit/loss for a period. Taxable profit differs from 'profit before tax' as reported in the Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible in accordance with applicable tax laws. 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. Interest income/expenses and penalties, if any, related to income tax are included in current tax expense. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the end of reporting date in India where the Company operates and generates taxable income.

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

ii) Deferred Taxes

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

A deferred tax liability is recognised based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted, or substantively enacted, by the end of the reporting period. Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it becomes probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Current and deferred taxes are recognised as income tax benefits or expenses in the Statement of profit and loss except for tax related to the fair value remeasurement of financial assets classified through other comprehensive income, foreign exchange differences and the net movement on cash flow hedges, which are charged or credited to Other Comprehensive Income (OCI). These exceptions are subsequently reclassified from OCI to the statement of profit and loss together with the respective deferred loss or gain. The Company also recognises the tax consequences of payments and issuing costs, related to financial instruments that are classified as equity, directly in equity.

3.11 Earnings per share

Basic earnings per share (EPS) is calculated by dividing the net profit for the year attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year.

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for the as at/year ended 31st March 2021

Diluted EPS is calculated by dividing the net profit attributable to equity holders of company (after adjusting for interest on the convertible preference shares and interest on the convertible bond, in each case, net of tax) by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

3.12 Share based payment

Equity-settled share based payments to employees and others providing similar services are measured at the fair value of equity instruments at the grant date. Details regarding determination of the fair value of equity settled share based payments transactions are set out in Note 33.

The fair value determined at the grant date of the equity-settled share based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of original estimates, if any, is recognised in Statement of Profit and Loss such that the cumulative expenses reflects the revised estimate, with a corresponding adjustment to the Share Based payments reserve.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

3.13 Provisions and other Contingent liabilities

Provisions are recognised when the Company 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 Company 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 increase in the provision due to un-winding of discount over passage of time is recognised within finance costs. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement in other operating expenses.

3.14. Dividend on Ordinary Shares

Company recognises dividends on ordinary shares and related dividend tax as a liability and deducted from equity when they are approved by the Company's shareholders.

Proposed dividends on equity shares which are subject to approval at the annual general meeting are not recognised as a liability (including tax thereon) and is disclosed as an event after the reporting date.

3.15 Cash and cash equivalents

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

3.16 Cash flow statement

Cash flows are reported using the indirect method, whereby profit/(loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past/future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

3.17 Insurance claims

Insurance claims are accrued for on the basis of claims admitted and/or to the extent there is no uncertainty in receiving the claims. The Company reassesses the claims made at each reporting period for recoverability.

3.18 Expenditure on Corporate Social Responsibility (CSR)

The Company accounts the expenditure incurred towards Corporate Social Responsibility as required under the Companies Act, 2013 as a charge to the statement of profit and loss.

3.19 Determination of Fair Value

The Company measures financial instruments at fair value in accordance with the accounting policies mentioned above at each balance sheet date.

Fair value is the price at the measurement date, at which an asset can be sold or paid to transfer a liability, in an orderly transaction between market participants at the measurement date.

Notes to Financial Statements

for the as at/year ended 31st March 2021

The Company's accounting policies require, measurement of certain financial/non-financial assets and liabilities at fair values (either on a recurring or non-recurring basis). Also, the fair values of financial instruments measured at amortised cost are required to be disclosed in the said financial statements.

The Company is required to classify the fair valuation method of the financial/non-financial assets and liabilities, either measured or disclosed at fair value in the financial statements, using a three level fair-value-hierarchy (which reflects the significance of inputs used in the measurement).

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy described as follows:

Level 1 financial instruments – Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Company has access to at the measurement date. The Company considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet 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 includes one or more unobservable input where there is little market activity for the asset/liability at the measurement date that is significant to the measurement as a whole.

3.20 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. Financial assets and financial liabilities are recognised when the Entity becomes a party to the contractual provisions of the instruments.

Financial Assets

Initial Recognition – All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e. the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For the purpose of subsequent measurement, financial assets are classified in four categories:

Debt instruments at amortised cost

Debt instruments at fair value through other comprehensive income (FVTOCI).

Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL).

Equity instruments measured at fair value through other comprehensive income FVTOCI.

Financial assets measured at amortised cost

A 'debt instrument' is measured at amortised cost if both the following conditions are met:

a) The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

b) The contractual terms of the financial 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 at fair value plus directly attributable costs, these 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 finance income in the profit or loss. The losses arising from impairment are recognised in the Statement of Profit and Loss.

Notes to Financial Statements

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The measurement of credit impairment is based on the three-stage expected credit loss model described below.

Business model: The business model reflects how the Company manages the assets in order to generate cash flows. That is, whether the Company's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVTPL.

SPPI: Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Company assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss. The amortised cost, as mentioned above, is computed using the effective interest rate method.

Effective interest method: The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. The amortised cost of the financial asset is adjusted if the Company revises its estimates of payments or receipts. The adjusted amortised cost is calculated based on the original or latest re-estimated EIR and the change is recorded as 'Interest and similar income' for financial assets. Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the "Other income" line item.

Financial assets measured at fair value through other comprehensive income

Debt Instrument – Investments in debt instruments are measured at fair value through other comprehensive income where they have:

a) contractual terms that give rise to cash flows on specified dates, that represent solely payments of principal and interest (SPPI) on the principal amount outstanding; and

b) Are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

These debt instruments are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at fair value. Gains and losses arising from changes in fair value are included in other comprehensive income within a separate component of equity. Impairment losses or reversals, interest revenue and foreign exchange gains and losses are recognised in profit and loss. Upon disposal, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to the income statement. The measurement of credit impairment is based on the three-stage expected credit loss model as applied to financial assets at amortised cost. The expected credit loss model is described below:

Financial Instrument measured at fair value through profit or loss

Any debt instrument, which does not meet the criteria for categorisation as at amortised cost or as FVTOCI, is classified as at FVTPL. In addition, debt instruments that meet the amortised cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL.

A financial asset that meets the amortised cost criteria or debt instruments that meet the FVOCI criteria may be designated as at FVTPL upon initial recognition, if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Company's investment are classified as FVTPL, if it is acquired or incurred principally for the purpose of selling or repurchasing in the near term, or forms part of a portfolio of financial instruments that are managed together and for which there is evidence of short-term profit taking, or it is a derivative not in a qualifying hedge relationship. Trading derivatives and trading securities are classified as held for trading and recognised at fair value.

Financial instruments held at fair value through profit or loss, are initially recognised at fair value, with transaction costs recognised in the income statement as incurred. Subsequently, they are measured at fair value and any gains or losses are recognised in the income statement as they arise. Where a financial asset is measured at fair value, a credit valuation adjustment is included to reflect the credit worthiness of the counterparty, representing the movement in fair value attributable to changes in credit risk.

Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets. Examples of equity instruments include basic ordinary shares.

Financial liabilities

Initial Measurement

Financial liabilities are classified and measured at amortised cost. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

Subsequent Measurement

Financial liabilities are subsequently carried at amortised cost using the effective interest method.

Modification of loans

The Company sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers. When this happens, the Company assesses whether or not the new terms are substantially different to the original terms.

If the terms are substantially different, the Company derecognises the original financial asset and recognises a 'new' asset at fair value and recalculates a new effective interest rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. However, the Company also assesses whether the new financial asset recognised is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount are also recognised in profit or loss as a gain or loss on de recognition. The newly recognised loans are classified as Stage 1 for ECL measurement purposes, unless the new loan is deemed to be Purchased or originated credit impaired financial assets (POCI).

If the terms are not substantially different, the renegotiation or modification does not result in de recognition, and the Company recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognises a modification gain or loss in profit or loss to the extent that an impairment loss has not already been recorded. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets.

Derivative financial instruments

Derivative financial instruments are contracts whose value is derived from one or more underlying price, index or other variable, and typically comprise of instruments such as swaps, forward rate agreements, futures and options. All derivatives are recognised in the balance sheet at fair value and are classified as trading except where they are designated as a part of an effective hedge relationship and classified as hedging derivatives. The carrying value of a derivative is re measured at fair value throughout the life of the contract. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Credit Valuation Adjustments (CVA) – Credit risk arising from derivative financial instruments is, at any time, limited to those with positive fair values, as recorded on the statement of financial position. In the case of credit derivatives, the Company is also exposed to or protected from the risk of default of the underlying entity referenced by the derivative. Hence, to reflect potential losses, the Company applies CVA to all relevant over-the-counter positions with the exception of positions settled through central clearing houses.

Impairment of financial assets

The Company applies the expected credit loss (ECL) model for recognising impairment loss as against hitherto IRAC norms of RBI.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with

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the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial asset. 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months from the reporting date.

The Company assesses at each reporting date whether a financial asset such as investments, loans and advances, non-fund based limits not designated as FVTPL and security deposits held at amortised cost and financial assets that are measured at fair value through other comprehensive income are tested for impairment based on evidence or information that is available without undue cost or effort. Lifetime Expected credit losses are assessed and loss allowances recognised if the credit quality of the financial asset has deteriorated significantly since initial recognition.

The Company applies a three-stage approach to measuring expected credit losses (ECLs) for the following categories of financial assets that are not measured at fair value through profit or loss:

- debt instruments measured at amortised cost and fair value through other comprehensive income;
- loan commitments; and
- financial guarantee contracts.

No ECL is recognised on equity investments.

PD estimation process

Probability of Default (PD) is an estimate of the likelihood of default in a homogenous pool of loans, over a 12 month time horizon. PD estimation process is done based on historical & empirical internal data available with the Company. 'Company calculates the 12 month PD by taking into account the past historical trends of the portfolio and its credit performance. In case of assets where there is 'a significant increase in credit risk (SICR), lifetime PD is applied which is computed based on survival analysis. 'For credit impaired assets, a PD of 100% is applied.

Exposure at Default (EAD)

The Exposure at Default (EAD) represents the empirical residual exposure value of loans at the time of default, relative to their origination exposure value. The Company assesses the possible default events within 12 months of origination, & the exposure value at which such loans defaulted. This is represented by the EAD factor. This EAD factor is applied to all Stage 1 & Stage 2 loans, to estimate the likely Exposure at Default.

In case of undrawn loan commitments, a credit conversion factor of 75% is applied for expected drawdown. For credit impaired assets (i.e. Stage 3 assets), an EAD factor of 100% is applied.

Loss Given Default (LGD)

Loss Given Default (LGD) is an estimate of the ultimate loss arising, when a default occurs. It is based on empirical contractual realisations from credit impaired assets (i.e. Stage 3 assets). after event of default (& till the time the exposure is written-off) including from the realisation of any security.

Financial assets are classified through the following three stages based on the change in credit risk since initial recognition:

Stage 1: 12-month ECL

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 has assessed that all standard advances and advances up to 30 days default (SMA 0) would fall under this category.

For these assets, 12-month ECL are recognised and interest revenue is calculated on the gross carrying amount of the asset (that is, without deduction for credit allowance).

Stage 2: Lifetime ECL – not credit impaired

Financial instruments that have had a significant increase in credit risk since initial recognition are classified under this stage. 30 Days Past Due is considered as significant increase in credit risk and classified under this category. For these assets, lifetime ECL are recognised, but interest revenue is still calculated on the gross carrying amount of the asset.

Stage 3: Lifetime ECL – credit impaired

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.

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Credit-impaired financial assets:

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt financial assets carried at FVOCI 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:

a) Significant financial difficulty of the borrower or issuer;

b) A breach of contract such as a default or past due event;

c) The restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;

d) It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

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

Measurement of ECLs

The measurement of ECL reflects:

a) An unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes.

b) The time value of money.

c) Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

ECLs are derived from unbiased and probability-weighted estimates of expected loss, and are measured as follows:

- Financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls over the expected life of the financial asset discounted by the effective interest rate. The cash shortfall is the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive.
- Financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows discounted by the effective interest rate.
- Undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Company if the commitment is drawn down and the cash flows that the Company expects to receive.

ECLs are recognised using a provision for doubtful debts account in profit and loss. In the case of debt instruments measured at fair value through other comprehensive income, the measurement of ECLs is based on the three-stage approach as applied to financial assets at amortised cost. The Company recognises the provision charge in profit and loss, with the corresponding amount recognised in other comprehensive income, with no reduction in the carrying amount of the asset in the balance sheet.

Write-off

Loans and debt securities are written off (either partially or in full) when there is no realistic prospect of recovery. 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 subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position as follows:

a) Financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;

b) Loan commitments and financial guarantee contracts: generally, as a provision;

c) Where a financial instrument includes both a drawn and an undrawn component, and the Company cannot identify the ECL on the loan commitment component separately from those on the drawn component: the Company presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision; and

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d) Debt instruments measured at FVOCI: no loss allowance is recognised in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognised in the fair value reserve.

Derecognition of financial assets and financial liabilities

Financial assets

The Company derecognises a financial asset when the contractual cash flows from the asset expire or it transfers its rights to receive contractual cash flows from the financial asset in a transaction in which substantially all the risks and rewards of ownership are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where 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 de recognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

Offsetting

Financial assets and financial liabilities are generally reported gross in the balance sheet. Financial assets and liabilities are offset and the net amount is presented in the balance sheet when the Company has a legal right to offset the amounts and intends to settle on a net basis or to realise the asset and settle the liability simultaneously in all of the following circumstances:

- The normal course of business.
- The event of default.
- The event of insolvency or bankruptcy of the Company and/or its counterparties.

Derivative assets and liabilities with master netting arrangements (e.g. ISDAs) are only presented net when they satisfy the eligibility of netting for all of the above criteria and not just in the event of default.

Hedge Accounting

The Company makes use of derivative instruments to manage exposures to interest rate and foreign currency. In order to manage particular risks, the Company applies hedge accounting for transactions that meet specified criteria.

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Company's risk management objective and strategy for undertaking hedge, the hedging/economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the strict criteria for hedge accounting are accounted for, as described below:

Fair value hedges

Fair value hedges hedge the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment, or an identified portion of such an asset, liability or firm commitment, that is attributable to a particular risk and could affect profit or loss.

For designated and qualifying fair value hedges, the cumulative change in the fair value of a hedging derivative is recognised in the statement of profit and loss in net gain on fair value changes. Meanwhile, the cumulative change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item in the balance sheet and is also recognised in the statement of profit and loss in net gain on fair value changes.

The Company classifies a fair value hedge relationship when the hedged item (or Company of items) is a distinctively identifiable asset or liability hedged by one or a few hedging instruments. The financial instruments hedged for interest rate risk in a fair value hedge relationships fixed rate debt issued and other borrowed funds. If the hedging instrument expires or is sold, terminated or exercised, or where the hedge no longer meets the criteria for hedge accounting, the hedge relationship is discontinued prospectively. If the relationship does not meet hedge effectiveness criteria, the Company discontinues hedge accounting from the date on which the qualifying criteria are no longer met. For hedged items recorded at amortised cost, the accumulated fair value hedge adjustment to the carrying amount of the hedged item on termination of the hedge accounting relationship is amortised over the remaining term of the original hedge using the recalculated EIR method by recalculating the EIR at the date when the amortisation begins. If the hedged item is derecognised, the unamortised fair value adjustment is recognised immediately in the statement of profit and loss.

Cash flow hedges

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability (such as all or some future interest payments on variable rate debt) or a highly probable forecast transaction and could affect profit or loss.

For designated and qualifying cash flow hedges, the effective portion of the cumulative gain or loss on the hedging instrument is initially recognised directly in OCI within equity (cash flow hedge reserve). The ineffective portion of the gain or loss on the hedging instrument is recognised immediately in net gain/loss on fair value changes in the profit and loss statement.

When the hedged cash flow affects the statement of profit and loss, the effective portion of the gain or loss on the hedging instrument is recorded in the corresponding income or expense line of the statement of profit and loss. When the forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in OCI are reversed and included in the initial cost of the asset or liability.

When a hedging instrument expires, is sold, terminated, exercised, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss that has been recognised in OCI at that time remains in OCI and is recognised when the hedged forecast transaction is ultimately recognised in the statement of profit and loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in OCI is immediately transferred to the statement of profit and loss.

Cost of hedging

The Company also may separate forward element and the spot element of a forward contract and designate as the hedging instrument only the change in the value of the spot element of a forward contract. Similarly currency basis spread may be separated and excluded from the designation of a financial instrument as the hedging instrument.

When an entity separates the forward element and the spot element of a forward contract and designates as the hedging instrument only the change in the value of the spot element of the forward contract, or when an entity separates the foreign currency basis spread from a financial instrument and excludes it from the designation of that financial instrument as the hedging instrument, such amount is recognised in OCI and accumulated as a separate component of equity under Cost of hedging reserve. These amounts are reclassified to the statement of profit or loss account as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

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NOTE 4: CASH AND CASH EQUIVALENTS

(₹ in Lakh)

Particulars	As at 31st March 2021	As at 31st March 2020
Cash on hand	31.74	34.17
Balances with bank	3,221.48	525.53
Bank deposit with maturity of less than 3 months	2,200.00	16,000.90
TOTAL	**5,453.22**	**16,560.60**

Balances with banks earn interest at fixed rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company and earn interest at the respective short-term deposit rates. The Company has not taken bank overdraft against these Bank deposits, therefore the cash and cash equivalent for cash flow statement is same as cash and for cash equivalent given above.

NOTE 5: BANK BALANCE OTHER THAN CASH AND CASH EQUIVALENTS

(₹ in Lakh)

Particulars	As at 31st March 2021	As at 31st March 2020
Deposits with original maturity for more than 3 months but less than 12 months	797.96	-
Balances with banks to the extent held as margin money or security against the borrowings, guarantees, other commitments	25,009.85	5.91
TOTAL	**25,807.81**	**5.91**

Fixed deposit earns interest at fixed rate based on applicable bank deposit rates.

NOTE 6: DERIVATIVE FINANCIAL INSTRUMENTS

The Company enters into derivatives for risk management purposes. Derivatives held for risk management purposes include hedges that either meet the hedge accounting requirements or hedges that are economic hedges, but the Company has elected not to apply hedge accounting requirements.

The table below shows the fair values of derivative financial instruments recorded as assets or liabilities together with their notional amounts.

The notional amounts indicate the value of transactions outstanding at the year end and are not indicative of either the market risk or credit risk.

(₹ in Lakh)

Particulars	As at 31st March 2021				As at 31st March 2020			
	Notional amounts	Fair value assets	Notional amounts	Fair value liabilities	Notional amounts	Fair value assets	Notional amounts	Fair value liabilities
Part I								
(i) Currency derivatives								
- Currency swaps	-	-	4,245.00	(64.08)	4,245.00	241.14	-	-
Sub-total (i)	**-**	**-**	**4,245.00**	**(64.08)**	**4,245.00**	**241.14**	**-**	**-**
(ii) Other derivatives – Cross Currency Interest Rate Swaps	-	-	11,892.29	90.73	11,892.29	309.70	-	-
Total derivative financial instruments (i+ii)	**-**	**-**	**16,137.29**	**26.65**	**16,137.29**	**550.84**	**-**	**-**
Part II								
Included in above (Part I) are derivatives held for hedging and risk management purposes as follows:								
Cash flow hedging	-	-	16,137.29	26.65	16,137.29	550.84	-	-
Total Derivative Financial Instruments	**-**	**-**	**16,137.29**	**26.65**	**16,137.29**	**550.84**	**-**	**-**

The above classification includes a derivative financial asset of Rs. 64.08 Lakh which has been set off by against derivative financial liability of Rs. 90.73 Lakh

Notes to Financial Statements
for the as at/year ended 31st March 2021

6.1: HEDGING ACTIVITIES AND DERIVATIVES

The Company is exposed to certain risks relating to its ongoing business operations. The primary risks managed using derivative instruments are foreign currency risk and interest rate risk. The Company's risk management strategy and how it is applied to manage risk are explained in Note 42.

6.1.2 Derivatives designated as hedging instruments

6.1.2.1 Cash flow hedges

The Company is exposed to foreign currency risk arising from its foreign currency borrowing, as well as interest rate risk on floating rate foreign currency borrowings – both aggregating to a notional amount of $ 22.58 Million as on 31st March 2021.

The Company has economically hedged:

(i) the foreign currency risk arising from the fixed rate non-INR borrowing using the cross currency swap, and

(ii) the foreign currency risk and interest rate risk arising from the floating rate non-INR borrowing using the cross currency interest rate swap.

The swap contracts above effectively convert the cash outflows of the foreign currency borrowing to fixed rate cash outflows in INR.

There is an economic relationship between the hedged item and the hedging instrument as the terms of the all the swap contracts matches that of the foreign currency borrowing (notional amount, interest payment dates, principal repayment date etc.).

The Company has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the derivative are identical to the hedged risk components.

To test the hedge effectiveness, the Company uses the hypothetical derivative method and compares the changes in the fair value of the hedging instruments against the changes in fair value of the hedged items attributable to the hedged risks.

The hedge ineffectiveness can arise mainly if there is a change in the credit risk of the Company or the counterparty.

The Company has recorded notional Cash flow hedge loss of ₹ 0.53 Lakh for the year ended 31st March 2021 which is routed through Other Comprehensive Income. The Company has entered into effective hedge and hence such notional loss would be nullified at the time of actual cash settlement. Hence reduction in equity to the extent of ₹ 0.40 (net of tax) Lakh is notional in nature

The impact of the hedging instruments on the balance sheet is as follows:

31st March 2021

(₹ in Lakh)

	Notional amount	Carrying amount	Line item in the balance sheet
Cross Currency Interest Rate Swaps	11,892.29	(90.73)	Derivative financial instruments
Currency Swaps	4,245.00	64.08	Derivative financial instruments

31st March 2020

(₹ in Lakh)

	Notional amount	Carrying amount	Line item in the balance sheet
Cross Currency Interest Rate Swaps	11,892.29	309.70	Derivative financial instruments
Currency Swaps	4,245.00	241.14	Derivative financial instruments

Notes to Financial Statements

for the as at/year ended 31st March 2021

The impact of hedged items on the balance sheet is as follows:

(₹ in Lakh)

Particulars	Cash flow hedge reserve as at 31st March 2021	Cash flow hedge reserve as at 31st March 2020
External Commercial Borrowings	(298.20)	(297.80)

The effect of cash flow hedge in the statement of profit or loss and other comprehensive income is as follows:

(₹ in Lakh)

Particulars	Total hedging gain/(loss) recognised in OCI for the year ended 31st March 2021	Total hedging gain/(loss) recognised in OCI for the year ended 31st March 2020
External Commercial Borrowings	(0.53)	(397.96)

NOTE 7: RECEIVABLES

(₹ in Lakh)

Particulars	As at 31st March 2021	As at 31st March 2020
Trade Receivables		
Unsecured considered good	0.01	-
TOTAL	**0.01**	**-**

No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

NOTE 8: LOANS (AT AMORTISED COST)

(₹ in Lakh)

Particulars	As at 31st March 2021	As at 31st March 2020
Term loans	1,34,029.67	1,35,393.41
Total – Gross	**1,34,029.67**	**1,35,393.41**
Less: Impairment loss allowance	12,339.14	10,862.39
Total – Net	**1,21,690.53**	**1,24,531.02**
Loans in India		
i) Public Sector	-	-
ii) Others (Private sector)	1,34,029.67	1,35,393.41
Total – Gross	**1,34,029.67**	**1,35,393.41**
Less: Impairment loss allowance	12,339.14	10,862.39
Total – Net	**1,21,690.53**	**1,24,531.02**
Loans outside India	-	-
Less: Impairment loss allowance	-	-
Total – Net	**-**	**-**
Total	**1,21,690.53**	**1,24,531.02**

Notes to Financial Statements
for the as at/year ended 31st March 2021

Summary of loans by stage distribution

Details of Company's Risk Management process and policies are set out in Note 42 – Risk Management.

	As at 31st March 2021				As at 31st March 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount	83,524.82	41,846.69	8,658.16	1,34,029.67	1,27,279.71	3,976.82	4,136.88	1,35,393.41
Less: Impairment loss allowance	(3,165.45)	(4,249.77)	(4,923.92)	(12,339.14)	(7,443.25)	(262.36)	(3,156.78)	(10,862.39)
Net carrying amount	**80,359.37**	**37,596.92**	**3,734.24**	**1,21,690.53**	**1,19,836.46**	**3,714.46**	**980.10**	**1,24,531.02**

Gross Carrying amount and Impairment loss allowance excludes amounts written-off which are still subject to enforcement activity.

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

	For the year ended 31st March 2021				For the year ended 31st March 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	1,27,279.71	3,976.82	4,136.88	1,35,393.41	96,680.37	3,296.30	5,145.28	1,05,121.95
New assets originated or purchased	75,768.74	41,533.41	8,073.08	1,25,375.23	1,06,885.45	1,803.50	1,807.65	1,10,496.60
Assets derecognised or repaid (excluding write-offs)	(1,19,036.04)	(3,919.56)	(919.70)	(1,23,875.30)	(68,515.29)	(1,513.17)	(10,196.68)	(80,225.14)
Transfers to Stage 1	1.11	(1.11)	-	-	18.92	(18.92)	-	-
Transfers to Stage 2	(315.57)	315.57	-	-	(2,143.64)	2,143.64	-	-
Transfers to Stage 3	(145.06)	(21.21)	166.27	-	(5,646.10)	(1,734.53)	7,380.63	-
Assets written-off	(28.07)	(37.23)	(2,798.37)	(2,863.67)	-	-	-	-
Gross carrying amount closing balance	**83,524.82**	**41,846.69**	**8,658.16**	**1,34,029.67**	**1,27,279.71**	**3,976.82**	**4,136.88**	**1,35,393.41**

Reconciliation of ECL balance is given below:

	For the year ended 31st March 2021				For the year ended 31st March 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance – opening balance	7,443.25	262.36	3,156.78	10,862.39	6,490.76	212.94	3,665.24	10,368.94
New assets originated or purchased	2,946.29	4,127.60	4,839.33	11,913.22	4,296.05	1,142.49	1,211.35	6,649.89
Assets derecognised or repaid (excluding write-offs)	(6,987.22)	(213.56)	(371.12)	(7,571.90)	(2,778.40)	(1,090.80)	(7,490.66)	(11,359.86)
Transfers to Stage 1	1.86	(1.86)	-	-	1.79	(1.79)	-	-
Transfers to Stage 2	(124.75)	124.75	-	-	(142.16)	142.16	-	-
Transfers to Stage 3	(85.01)	(12.29)	97.30	-	(424.79)	(142.64)	567.43	-
Assets written Off	(28.97)	(37.23)	(2,798.37)	(2,864.57)	-	-	-	-
Impact on year end ECL of exposures transferred between stages during the year	-	-	-	-	-	-	5,203.42	5,203.42
ECL allowance – closing balance	**3,165.45**	**4,249.77**	**4,923.92**	**12,339.14**	**7,443.25**	**262.36**	**3,156.78**	**10,862.39**

Due to the nationwide lockdown announced on account of COVID-19 pandemic outbreak, the Company is exposed to additional risk on its loans. To consider the risks pertaining to COVID-19, enhanced expected credit loss has been considered on the outstanding exposures of the Company. Accordingly, additional ECL of ₹ 500 Lakh has been considered in Stage 1 and 2, largely by increasing the PD factor (while estimating additional ECL). This has been done by observing repayment behaviour across industries & customer segments, during the year.

Notes to Financial Statements
for the as at/year ended 31st March 2021

Concentration of loans and advances

(%)

Industry	As at 31st March 2021	As at 31st March 2020
Food and Beverage	14.66%	17.00%
Apparel	13.66%	13.00%
Petrol Pump	7.90%	10.00%
Groceries	5.51%	4.00%
Hardware and Electrical	3.85%	3.00%
Engineering and Capital Goods	2.87%	3.00%
Contractor	3.69%	3.00%
Mobile	3.62%	3.00%
Pharmacy	3.16%	2.50%
FMCG	2.69%	2.50%
Hotels	1.07%	2.00%
Spa and Salon	2.29%	2.00%
Others	35.03%	35.00%

Note:

Others consist a list of more than 50 industries, over which this portion of the portfolio is distributed.

NOTE 9: INVESTMENTS

(₹ in Lakh)

Particulars	At Fair value through profit and loss account
As at 31st March 2021	
Mutual funds	8,255.93
Total Gross	**8,255.93**
Less: Impairment loss allowance	-
Total – Net	**8,255.93**
As at 31st March 2020	
Mutual funds	-
Total Gross	**-**
Less: Allowance for impairment loss	-
Total – Net	**-**

More information regarding the valuation methodologies can be found in Note 41 – Fair value measurement.

NOTE 10: PROPERTY, PLANT AND EQUIPMENT

(₹ in Lakh)

Particulars	Leasehold property improvement work	Office equipment	Computer equipment	Furniture & fixtures	Total
Cost:					
As at 1st April 2019	40.38	57.85	222.27	61.13	381.63
Additions	0.56	22.64	103.03	0.20	126.43
Disposals	-	-	(0.67)	-	(0.67)
As at 31st March 2020	**40.94**	**80.49**	**324.63**	**61.33**	**507.39**
Additions	38.55	13.97	56.31	-	108.83
Disposals	-	(37.36)	(214.78)	(11.57)	(263.71)
As at 31st March 2021	**79.49**	**57.10**	**166.16**	**49.76**	**352.51**
Depreciation and impairment:					
As at 1st April 2019	24.07	18.53	126.00	15.24	183.84
Depreciation charge for the year	7.03	22.56	87.13	11.91	128.63
Disposals	-	-	(0.66)	-	(0.66)
As at 31st March 2020	**31.10**	**41.09**	**212.47**	**27.15**	**311.81**
Depreciation charge for the year	12.61	21.87	80.06	8.74	123.28
Disposals	-	(34.80)	(210.17)	(9.74)	(254.71)
As at 31st March 2021	**43.71**	**28.16**	**82.36**	**26.15**	**180.38**
Net book value:					
As at 31st March 2020	**9.84**	**39.40**	**112.16**	**34.18**	**195.58**
As at 31st March 2021	**35.78**	**28.94**	**83.80**	**23.61**	**172.13**

Notes to Financial Statements

for the as at/year ended 31st March 2021

NOTE 11: RIGHT-OF-USE ASSETS

The Company has elected not to apply the requirement of Ind AS 116 to short-term leases of all assets that have a lease term of 12 months or less. The lease payments associated with these leases are recognised as an expenses on a straight-line basis over the lease term.

(₹ in Lakh)

Particulars	Right-of-use Premises
Cost:	
As at 1st April 2019	3,599.23
Additions	1,027.73
Disposals	445.76
As at 31st March 2020	**4,181.20**
Additions	2,250.94
Adjustments	(290.67)
Disposals	2,895.60
As at 31st March 2021	**3,245.87**
Depreciation and impairment:	
As at 1st April 2019	**1,237.51**
Disposals	302.05
Depreciation charge for the year	819.17
As at 31st March 2020	**1,754.63**
Depreciation charge for the year	799.58
Disposals	1,996.92
Adjustments	52.19
As at 31st March 2021	**609.48**
Net book value:	
As at 31st March 2020	**2,426.57**
As at 31st March 2021	**2,636.39**

NOTE 12: OTHER FINANCIAL ASSETS

(₹ in Lakh)

Particulars	As at 31st March 2021	As at 31st March 2020
Unsecured considered good, unless stated otherwise		
Security deposits	244.94	452.66
Less: Impairment allowance	-	(9.40)
Cash Collateral Placed for hedge transaction	115.50	-
Others		
Fixed deposits with bank with original maturity for more than 12 months	1,400.24	1,303.50
Other receivables	193.45	67.28
Total	**1,954.13**	**1,814.04**

Note: Out of the above, fixed deposit ₹ 1,249.01 Lakh (as at 31st March 2020: ₹ 1,254.04 Lakh) are marked as lien against term loans.

Notes to Financial Statements

for the as at/year ended 31st March 2021

NOTE 13: OTHER INTANGIBLE ASSETS

(₹ in Lakh)

Particulars	Computer Software
Cost:	
As at 1st April 2019	125.24
Additions	57.00
As at 31st March 2020	**182.24**
Additions	-
As at 31st March 2021	**182.24**
Accumulative amortisation and impairment:	
As at 1st April 2019	32.96
Depreciation charge for the year	57.41
As at 31st March 2020	**90.37**
Depreciation charge for the year	45.62
As at 31st March 2021	**135.99**
Net book value:	
As at 31st March 2020	**91.87**
As at 31st March 2021	**46.25**

NOTE 14: OTHER NON-FINANCIAL ASSETS

(₹ in Lakh)

Particulars	As at 31st March 2021	As at 31st March 2020
Advance tax (net of Provisions for taxation and tax deducted at source)	362.97	765.36
Goods & Service Tax cash ledger	0.03	1.23
Goods & Service Tax credit (input) receivable	339.49	305.44
Prepaid expenses	151.60	162.30
Advance to vendors	125.24	142.49
TOTAL	**979.33**	**1,376.82**

NOTE 15: DEBT SECURITIES

(₹ in Lakh)

Particulars	As at 31st March 2021	As at 31st March 2020
	Amortised cost	Amortised cost
Liability component of compound financial instruments	9.10	9.10
Debentures (Secured)		
Privately placed debentures	88,833.88	73,293.12
Total	**88,842.98**	**73,302.22**
Debt securities in India	88,842.98	73,302.22
Debt securities outside India	-	-
TOTAL	**88,842.98**	**73,302.22**

The Company has sought and obtained waiver/amendment etc. in respect of any breach of loan covenants. No loans have been recalled by lender as of 31st March 2021.

Notes to Financial Statements
for the as at/year ended 31st March 2021

Particulars of Privately Placed Redeemable Non-Convertible Debentures (Secured):

Redemption Date	Put/Call option date	Repayment details	Face Value	As at 31st March 2021	As at 31st March 2020
17th July 2020	-	Bullet	1,000,000	-	8,600.00
29th September 2021	-	Bullet	1,000,000	4,000.00	4,000.00
26th October 2021	-	Bullet	1,000,000	6,500.00	6,500.00
7th August 2022	-	Bullet	1,000,000	5,060.00	5,060.00
16th November 2022	-	Bullet	1,000,000	6,000.00	6,000.00
7th February 2023	-	Bullet	1,000,000	3,500.00	3,500.00
15th February 2023	-	Bullet	1,000,000	10,500.00	10,500.00
26th April 2023	-	Bullet	1,000,000	3,250.00	3,250.00
13th May 2023	-	Bullet	1,000,000	5,080.00	5,080.00
28th August 2023	-	Bullet	1,000,000	6,500.00	6,500.00
3rd September 2025	3rd September 2022	Bullet	1,000,000	6,200.00	6,200.00
26th February 2026	25th February 2022	Bullet	1,000,000	7,000.00	7,000.00
24th November 2023	-	Bullet	1,000,000	3,200.00	-
9th December 2024	-	Four Equal Instalments	1,000,000	7,400.00	-
13th May 2024	-	Bullet	5,000	4,521.40	-
13th February 2026	-	Bullet	1,000,000	4,100.00	-
18th March 2024	18th March 2023	Periodic	100,000	2,500.00	-
19th March 2024	19th March 2023	Periodic	100,000	2,000.00	-
Total				**87,311.40**	**72,190.00**
Add: Interest Component (including EIR)				1,522.48	1,103.12
Total				**88,833.88**	**73,293.12**

Interest rates range from 11.65% p.a. to 14% p.a. for the year ended 31st March 2021 (for the year ended 31st March 2020 – Interest rate range from 11.92% p.a. to 13.66% p.a.)

Security details for Non-Convertible Debentures ('NCDs')

The NCDs are fully secured by first pari passu charge over the loan to merchants of the Company or cash deposits/fixed deposits of the Company in cases where the funds are pending deployment towards loan to merchants. The total asset cover has been maintained as per the terms and condition stated in the respective debenture trust deeds.

NOTE 16: BORROWINGS OTHER THAN DEBT SECURITIES

(₹ in Lakh)

Particulars	As at 31st March 2021	As at 31st March 2020
	Amortised cost	Total
Term Loan		
from bank in INR (secured)	4,085.80	3,898.80
from third party in INR (secured)	12,670.42	10,329.01
from third party in INR (unsecured)	2,004.11	1,998.65
Cash credit/Overdraft facilities from banks (secured)	2,455.72	903.82
External Commercial Borrowings	16,648.32	17,187.49
Others	3,421.36	-
Total	**41,285.73**	**34,317.77**
Borrowings in India	24,637.41	17,130.28
Borrowings outside India	16,648.32	17,187.49
Total	**41,285.73**	**34,317.77**

The Company has sought and obtained waiver/amendment etc. in respect of any breach of loan covenants. No loans have been recalled by lender as of 31st March 2021.

Notes to Financial Statements
for the as at/year ended 31st March 2021

Term loan from bank:

These are secured by an exclusive first charge by way of hypothecation of specific identified book debts. Of the total, loans of ₹ 2,569 Lakh (31st March 2020: ₹ 3,210 Lakh) are secured by additional third party guarantee.

Coupon rate range from 6.85% p.a. to 11.5% for the year ended 31st March 2021 (for the year ended 31st March 2020 – Interest rate range from 10.43% p.a. to 11.50%).

Term loan from third party:

These are secured by an exclusive first charge by way of hypothecation of specific identified book debts. Of the total, loans of ₹ 1,166.67 Lakh (31st March 2020: ₹ 1,833.33 Lakh) are secured by additional fixed deposit. Further, of the total, loans of ₹ 2,140.59 Lakh (31st March 2020: Nil) are secured by additional third party guarantee.

Coupon rates range from 11.5% p.a. to 14.45% p.a. for the year ended 31st March 2021 (for the year ended 31st March 2020 interest rate range from 12.25% p.a. to 14.45% p.a.).

Cash credit/Overdraft facilities from banks:

These are secured by an exclusive first charge by way of hypothecation of specific identified book debts and lien marked Fixed Deposits. (31st March 2020: NIL).

Coupon rates range from 9.75% to 11.05% p.a. for the year ended 31st March 2021 (for the year ended 31st March 2020 – 10.70% to 11.25% p.a.).

External Commercial Borrowings:

These loans represent the External Commercial Borrowings (ECB) of the Company. These are secured by an exclusive first charge by way of hypothecation of specific identified book debts.

Coupon rates range from 4.19% p.a. to 6.15% p.a. for the year ended 31st March 2021 (for the year ended 31st March 2020 4.74% p.a. to 6.15% p.a.).

NOTE 17: OTHER FINANCIAL LIABILITIES

(₹ in Lakh)

Particulars	As at 31st March 2021	As at 31st March 2020
Merchant balances	1,256.76	823.51
Lease liabilities for premises on rent (refer Note 17A)	2,679.98	2,592.84
Other liabilities	82.51	77.47
TOTAL	**4,019.25**	**3,493.82**

NOTE 17A: LEASE LIABILITIES

(₹ in Lakh)

Particulars	As at 31st March 2021	As at 31st March 2020
Lease liabilities for premises on rent	2,679.98	2,592.84
TOTAL	**2,679.98**	**2,592.84**

Maturity analysis of contractual undiscounted cash flow

(₹ in Lakh)

Particulars	As at 31st March 2021	As at 31st March 2020
Less than 1 year	800.65	1,043.15
1 - 5 years	2,586.75	2,097.41
6 - 10 years	122.99	38.64
More than 10 years	-	-
Total undiscounted lease liabilities	**3,510.39**	**3,179.20**

Notes to Financial Statements
for the as at/year ended 31st March 2021

The following is the movement in lease liabilities for the year ended 31st March 2021:

(₹ in Lakh)

Particulars	Amount
Balance as at 1st April 2019	2,458.82
Add: Finance Cost accrued during the year	323.22
Add: Lease liability recognised during the year (Net of foreclosure)	805.10
Less: Payment of Lease Liabilities	(994.30)
Balance as at 31st March 2020	**2,592.84**
Add: Finance Cost accrued during the year	320.04
Add: Lease liability recognised during the year (Net of foreclosure)	731.74
Less: Payment of Lease Liabilities	(964.64)
Balance as at 31st March 2021	**2,679.98**

Note:

During the year, COVID-19, rent related concession has been received by the Company. On account of rent waiver and foreclosure of some locations, Interest on lease liability is reduced by ₹143.76 Lakh as compared to charge in Statement of Profit and Loss

NOTE 18: PROVISIONS

(₹ in Lakh)

Particulars	As at 31st March 2021	As at 31st March 2020
Employee benefits		
- Gratuity (refer Note 34)	31.71	33.30
- Provision for compensated absences (refer Note 34)	45.68	44.66
- Retention & performance bonus	520.42	28.68
Provision for non-fund based exposure	10.86	58.26
Provision for Stock Appreciation Rights (SAR)	174.90	174.90
Others	22.26	21.81
TOTAL	**805.83**	**361.61**

LOAN COMMITMENT

Details of Company's Risk Management process and policies are set out in Note 42 – Risk Management.

PROVISION FOR NON-FUND BASED EXPOSURE:

a) Credit Quality of Assets:

	As at 31st March 2021				As at 31st March 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Carrying amount of non-fund based exposure (refer Note 37)	620.35	-	-	620.35	1,082.26	20.90	9.25	1,112.41
Total	**620.35**	**-**	**-**	**620.35**	**1,082.26**	**20.90**	**9.25**	**1,112.41**

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

	For the year ended 31st March 2021				For the year ended 31st March 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	1,082.26	20.90	9.25	1,112.41	638.58	39.64	26.11	704.33
New assets originated or purchased	620.35	-	-	620.35	1,082.26	20.90	9.25	1,112.41
Assets derecognised or repaid (excluding write-offs)	(1,082.26)	(20.90)	(9.25)	(1,112.41)	(638.58)	(39.64)	(26.11)	(704.33)
Gross carrying amount closing balance	**620.35**	**-**	**-**	**620.35**	**1,082.26**	**20.90**	**9.25**	**1,112.41**

Notes to Financial Statements
for the as at/year ended 31st March 2021

c) Reconciliation of ECL balance is given below:

	For the year ended 31st March 2021				For the year ended 31st March 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance – opening balance	50.10	0.93	7.22	58.26	36.53	2.63	21.56	60.72
New assets originated or purchased	10.86	-	-	10.86	50.10	0.93	7.22	58.26
Assets derecognised or repaid (excluding write offs)	(50.10)	(0.93)	(7.22)	(58.26)	(36.53)	(2.63)	(21.56)	(60.72)
ECL allowance – closing balance	**10.86**	**-**	**-**	**10.86**	**50.10**	**0.93**	**7.22**	**58.26**

Movement of provisions other than employee benefit during the year

The movement in provisions for the year ended 31st March 2021 is, as follows:

(₹ in Lakh)

Particulars	Litigation	Other	Total
As at 31st March 2020	-	21.81	21.81
Additional provisions during the year	-	22.26	22.26
Utilised (Incurred or charged against that provision)	-	(21.81)	(21.81)
As at 31st March 2021	**-**	**22.26**	**22.26**

Other Provisions:

Other provisions include allocated amounts related to provision for regular expenses. It is expected that the costs will be incurred over the next 12 months.

Stock Appreciation Rights (SAR PLAN 2015)

SAR grants was cancelled by the shareholders at their Extra Ordinary General Meeting held on 30th November 2017. The SAR's already granted to continuing employees as on 31st March 2018 is replaced by the Employee Stock Options under the ESOP 2017 scheme at the Special resolution passed by the members on 30th November 2017. The vesting schedule of each employee under ESOP scheme is aligned to the vesting schedule as per the original SAR scheme except the first vesting shall happen only after completion of 12 months from the date of the grant of option under ESOP scheme 2017.

Details of activity under SARs is summarised below:

Particulars	As at 31st March 2021	As at 31st March 2020
	Nos.	Nos.
SARs outstanding at the beginning of the year	1,69,400	1,69,400
Rights vested during the year	-	-
Exercised during the year	-	-
Expired/ Lapsed/ Transferred during the year	-	-
Outstanding at the end of the year	**1,69,400**	**1,69,400**
Total Liability of SAR (₹ in Lakh)	**174.90**	**174.90**

(₹ in Lakh)

Particulars	As at 31st March 2021	As at 31st March 2020
Total employee compensation cost pertaining to SARs for the year as per the terms of vesting	-	-
Opening balance of provision for SARs	174.90	174.90
Closing balance of provision for SARs (Net off)	**174.90**	**174.90**

Notes to Financial Statements

for the as at/year ended 31st March 2021

NOTE 19: OTHER NON-FINANCIAL LIABILITIES

(₹ in Lakh)

Particulars	As at 31st March 2021	As at 31st March 2020
Statutory dues payable	230.09	220.41
TOTAL	**230.09**	**220.41**

NOTE 20: SHARE CAPITAL

(₹ in Lakh)

Particulars	As at 31st March 2021	As at 31st March 2020
Authorised		
2,10,00,000 (31st March 2020: 2,10,00,000) equity shares of ₹ 10 each	2,100.00	2,100.00
4,60,00,000 (31st March 2020: 4,60,00,000) preference shares of ₹ 10 each	4,600.00	4,600.00
TOTAL	**6,700.00**	**6,700.00**
Issued, Subscribed and Fully paid-up Share Capital		
1,80,00,600 (31st March 2020: 1,80,00,600) equity shares of ₹ 10 each	1,800.06	1,800.06
4,56,44,009 (31st March 2020: 4,56,44,009) 0.01% Compulsory Cumulative Convertible Preference Shares (CCCPS) of ₹ 10/- each fully paid up	4,555.30	4,555.30
TOTAL	**6,355.36**	**6,355.36**

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

(₹ in Lakh)

Particulars	Equity		Compulsory Cumulative Convertible Preference Shares (CCCPS)	
	Numbers	Amount	Numbers	Amount
As at 1st April 2019	1,80,00,600	1,800.06	4,56,44,009	4,555.30
Issued during the year	-	-	-	-
As at 31st March 2020	**1,80,00,600**	**1,800.06**	**4,56,44,009**	**4,555.30**
Issued during the year	-	-	-	-
As at 31st March 2021	**1,80,00,600**	**1,800.06**	**4,56,44,009**	**4,555.30**

Rights, preferences and restrictions attached to Equity Shares:

The Company has a single class of equity shares having a par value of ₹ 10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed, if any, by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. During the year ended 31st March 2021, the amount of per share dividend recognised as distributions to equity shareholders was Nil (for the year ended 31st March 2020: ₹ Nil per share). In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

Rights, preferences and restrictions attached to Preference Shares (CCCPS):

Each holder of CCCPS is entitled to one vote per share only on resolutions placed before the Company which directly affect the rights attached to CCCPS. Each share of the series A, B & C CCCPS shall be converted into one equity share of face value of ₹ 10 each subject to any adjustments required for any possible corporate action, e.g. share split, issue of bonus shares, etc. The Series A, B & C CCCPS shall be compulsorily convertible at the end of 20 (twenty) years from the date of issuance of each Series CCCPS. The conversion can be done by investors on any date, provided 30 days advance written notice is given to the Company by the respective investor. The Series A, B & C CCCPS shall carry a cumulative coupon rate of 0.01% per annum. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

Notes to Financial Statements
for the as at/year ended 31st March 2021

Details of shareholders holding more than 5% shares in the Company as on reporting date

Particulars	As at 31st March 2021			As at 31st March 2020		
	Nos.	% holding in the class	% holding in all classes	Nos.	% holding in the class	% holding in all classes
i) Dhruv Kumar Khaitan	90,00,000	49.998%	14.141%	90,00,000	49.998%	14.141%
ii) Piyush Kumar Khaitan	90,00,000	49.998%	14.141%	90,00,000	49.998%	14.141%

Details of shareholders holding more than 5% preference shares in the Company as on reporting date

Particulars	As at 31st March 2021			As at 31st March 2020		
	Nos.	% holding in the class	% holding in all classes	Nos.	% holding in the class	% holding in all classes
Aspada Investment Company	53,80,758	11.79%	8.45%	53,80,758	11.79%	8.45%
ON Mauritius	69,65,181	15.26%	10.94%	69,65,181	15.26%	10.94%
Khosla Impact I Mauritius	32,51,470	7.12%	5.11%	32,51,470	7.12%	5.11%
Accion Frontier Inclusion Mauritius	62,80,638	13.76%	9.87%	62,80,638	13.76%	9.87%
IIFL Seed Ventures Fund I	48,59,845	10.65%	7.64%	48,59,845	10.65%	7.64%
West Bridge Crossover Fund LLC	26,89,900	5.89%	4.23%	26,89,900	5.89%	4.23%
Trinity Inclusion Ltd	1,62,16,217	35.53%	25.48%	1,62,16,217	35.53%	25.48%

As per records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

The Company has not issued any shares for a consideration other than cash during the year and immediately preceding five years from the reporting date.

Terms of any securities convertible into equity/preference shares issued along with the earliest date of conversion in descending order starting from the farthest such date:

7,462,587 shares – 0.01% fully Compulsory convertible cumulative preference shares of ₹ 10/- each are convertible into equity share in the ratio of 1 equity share for every 1 preference shares held at the end of twenty years from the date of allotment (22nd May 2013) or earlier at the option of the preference shareholder. The conversion can be done by investors on any date, provided 30 days advance written notice is given to the Company by the respective investor, ten days prior to the proposed filing of draft red herring prospectus by the Company in pursuance of Qualified Institutional Placement Offer (‘QIPO’).

1,697,479 shares – 0.01% fully Compulsory convertible cumulative preference shares of ₹ 10/- each are convertible into equity share in the ratio of 1 equity share for every 1 preference shares held at the end of twenty years from the date of allotment (25th March 2014) or earlier at the option of the preference shareholder. The conversion can be done by investors on any date, provided 30 days advance written notice is given to the Company by the respective investor, ten days prior to the proposed filing of draft red herring prospectus by the Company in pursuance of QIPO.

1,131,720 shares – 0.01% fully Compulsory convertible cumulative preference shares of ₹ 10/- each are convertible into equity share in the ratio of 1 equity share for every 1 preference shares held at the end of twenty years from the date of allotment (19th June 2014) or earlier at the option of the preference shareholder. The conversion can be done by investors on any date, provided 30 days advance written notice is given to the Company by the respective investor, ten days prior to the proposed filing of draft red herring prospectus by the Company in pursuance of QIPO.

4,680,752 shares – 0.01% fully Compulsory convertible cumulative preference shares of ₹ 10/- each are convertible into equity share in the ratio of 1 equity share for every 1 preference shares held at the end of twenty years from the date of allotment (31st March 2015) or earlier at the option of the preference shareholder. The conversion can be done by investors on any date, provided 30 days advance written notice is given to the Company by the respective investor, ten days prior to the proposed filing of draft red herring prospectus by the Company in pursuance of QIPO.

Notes to Financial Statements
for the as at/year ended 31st March 2021

13,232 shares – 0.01% fully Compulsory convertible cumulative preference shares of ₹ 10/- each are convertible into equity share in the ratio of 1 equity share for every 1 preference shares held at the end of twenty years from the date of allotment (6th April 2015) or earlier at the option of the preference shareholder. The conversion can be done by investors on any date, provided 30 days advance written notice is given to the Company by the respective investor, ten days prior to the proposed filing of draft red herring prospectus by the Company in pursuance of QIPO.

2,357,650 shares – 0.01% fully Compulsory convertible cumulative preference shares of ₹ 10/- each are convertible into equity share in the ratio of 1 equity share for every 1 preference shares held at the end of twenty years from the date of allotment (29th July 2015) or earlier at the option of the preference shareholder. The conversion can be done by investors on any date, provided 30 days advance written notice is given to the Company by the respective investor, ten days prior to the proposed filing of draft red herring prospectus by the Company in pursuance of QIPO.

94,88,272 shares – 0.01% fully Compulsory convertible cumulative preference shares of ₹ 10/- each are convertible into equity share in the ratio of 1 equity share for every 1 preference shares held at the end of twenty years from the date of allotment (21st June 2016) or earlier at the option of the preference shareholder. The conversion can be done by investors on any date, provided 30 days advance written notice is given to the Company by the respective investor, ten days prior to the proposed filing of draft red herring prospectus by the Company in pursuance of QIPO.

10,660,312 shares – 0.01% fully Compulsory convertible cumulative preference shares of ₹ 10/- each are convertible into equity share in the ratio of 1 equity share for every 1 preference shares held at the end of twenty years from the date of allotment (23rd January 2018) or earlier at the option of the preference shareholder. The conversion can be done by investors on any date, provided 30 days advance written notice is given to the Company by the respective investor, ten days prior to the proposed filing of draft red herring prospectus by the Company in pursuance of QIPO.

8,152,005 shares – 0.01% fully Compulsory convertible cumulative preference shares of ₹ 10/- each issued by way of right issue are convertible into equity share in the ratio of 1 equity share for every 1 preference shares held at the end of twenty years from the date of allotment (21st March 2018) or earlier at the option of the preference shareholder. The conversion can be done by investors on any date, provided 30 days advance written notice is given to the Company by the respective investor, ten days prior to the proposed filing of draft red herring prospectus by the Company in pursuance of QIPO. Right issue of share to existing shareholders.

For details of shares reserved for issue under the employee stock option (ESOP) plan of the Company, refer Note 33

NOTE 21: OTHER EQUITY

NATURE AND PURPOSE OF RESERVES

Securities Premium Reserve:

Securities premium reserve is used to record the premium on issue of shares. 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.

Share options outstanding account:

The share-based payment reserve is used to recognise the value of equity-settled share-based payments provided to employees as per IND AS 102 'Share Based Payments', including key management personnel, as part of their remuneration. Refer to Note 33 for further details of these plans.

Cash flow hedging reserve:

The Company uses hedging instruments as part of its management of foreign currency risk and interest rate risk associated on borrowings as described within note 6. For hedging foreign currency and interest rate risk, the Company uses foreign currency forward contracts, cross currency swaps, foreign currency option contracts and interest rate swaps. To the extent these hedges are effective, the change in fair value of the hedging instrument is recognised in the cash flow hedging reserve. Amounts recognised in the cash flow hedging reserve is reclassified to the statement of profit or loss when the hedged item affects profit or loss (e.g. interest payments).

Notes to Financial Statements
for the as at/year ended 31st March 2021

Statutory reserve:

Statutory reserve is created as per the terms of Section 45-IC(1) of the Reserve Bank of India Act, 1934.

Other equity movement during the year

(₹ in Lakh)

Particulars	As at 31st March 2021	As at 31st March 2020
Statutory Reserve (pursuant to Section 45-IC(1) of the Reserve Bank of India Act, 1934)	202.45	202.45
Security Premium	42,518.24	42,518.24
Retained Earnings	(14,514.84)	(11,505.34)
Share options outstanding account	888.96	729.92
Other Comprehensive Income	(259.47)	(253.36)
Total	**28,835.35**	**31,691.91**

In compliance with the provisions, the Management has provided for dividend on Series A, B and C of Compulsory Cumulative Convertible Preference Shares at the rate of 0.01% on a prorate basis.

NOTE 22: INTEREST INCOME

(₹ in Lakh)

Particulars	For the year ended 31st March 2021	For the year ended 31st March 2020
	On Financial Assets measured at Amortised cost	On Financial Assets measured at Amortised cost
Interest on Loans		
Business loans	31,578.12	31,693.57
Interest on deposits with Banks	963.80	90.97
Other interest income		
Unwinding of security deposit	131.33	50.83
Total	**32,673.25**	**31,835.37**

NOTE 23: FEES AND COMMISSION INCOME

(₹ in Lakh)

Particulars	For the year ended 31st March 2021	For the year ended 31st March 2020
Other financial services – Commission	56.90	82.81
Merchant Service Fees	281.15	893.26
Service Fees on Syndication	3.17	33.32
Total	**341.22**	**1,009.39**

REVENUE FROM CONTRACTS WITH CUSTOMERS

Set out below is the revenue from contracts with customers and reconciliation to profit and loss account

(₹ in Lakh)

Particulars	For the year ended 31st March 2021	For the year ended 31st March 2020
Type of Services or Service		
Fee and commission income	341.22	1,009.39
Total revenue from contract with customers	**341.22**	**1,009.39**
Geographical markets		
India	341.22	1,009.39
Outside India	-	-
Total revenue from contract with customers	**341.22**	**1,009.39**
Timing of revenue recognition		
Services transferred at a point in time	341.22	1,009.39
Services transferred over time	-	-
Total revenue from contracts with customers	**341.22**	**1,009.39**

Notes to Financial Statements
for the as at/year ended 31st March 2021

Contract Balances

(₹ in Lakh)

Particulars	As at 31st March 2021	As at 31st March 2020
Trade receivables	0.01	-
Fees and other receivables	22.70	49.23

Impairment allowance recognised on contract balances is ₹ Nil (March 2020: ₹ 3.40 Lakh).

NOTE 24: NET GAIN ON FAIR VALUE CHANGES

(₹ in Lakh)

Particulars	For the year ended 31st March 2021	For the year ended 31st March 2020
Net gain/ (loss) on financial instruments at fair value through profit or loss		
On trading portfolio		
Realised	97.56	714.70
Unrealised	6.34	-
Total	**103.90**	**714.70**

NOTE 25: OTHER INCOME

(₹ in Lakh)

Particulars	For the year ended 31st March 2021	For the year ended 31st March 2020
Income from other Services	11.27	13.42
Interest on Income Tax Refund	88.31	32.61
Cheque bounce charges	95.56	79.12
Miscellaneous Income	0.25	25.69
Total	**195.39**	**150.84**

NOTE 26: FINANCE COST

(₹ in Lakh)

Particulars	For the year ended 31st March 2021	For the year ended 31st March 2020
	On Financial liabilities measured at Amortised Cost	On Financial liabilities measured at Amortised Cost
Interest expense on:		
- Debt securities	9,346.60	8,644.95
- Borrowings (other than debt securities)	2,551.56	1,682.57
Interest expense on lease liability	176.28	323.22
Other borrowing costs:		
Other borrowing cost*	1,497.25	669.13
Total	**13,571.69**	**11,319.87**

* Other Borrowing cost includes stamp duty.

Notes to Financial Statements

for the as at/year ended 31st March 2021

NOTE 27: IMPAIRMENT ON FINANCIAL INSTRUMENTS

The below table show impairment loss on financial instruments charge to statement of profit and loss based on category of financial instrument.

(₹ in Lakh)

Particulars	For the year ended 31st March 2021	For the year ended 31st March 2020
	On Financial instruments measured at Amortised cost	On Financial instruments measured at Amortised cost
Loans	12,788.01	9,243.96
Non-Fund Based Exposure	(47.40)	(2.46)
Security Deposits	(9.40)	(1.05)
Total	**12,731.21**	**9,240.45**

During the year, the Company has written off loans amounting to ₹ 11,311.27 Lakh (for the year ended 31st March 2020 – ₹ 7,501.81 Lakh). Also the Company has recovered an amount of ₹ 1,629.95 Lakh (for the year ended 31st March 2020 – ₹ 1,221.81 Lakh) against current year and previous years' written-off amounts.

The table below shows the ECL charges on financial instruments for the year recorded in the profit and loss based on evaluation stage:

Particulars	For the year ended 31st March 2021					For the year ended 31st March 2020				
	Stage 1	Stage 2	Stage 3	Simplified approach	Total	Stage 1	Stage 2	Stage 3	Simplified approach	Total
Loans and advances to customers	(4,277.80)	3,987.41	1,767.14	-	1,476.75	952.49	49.42	740.24	-	1,742.15
Bad debts written-off	-	-	-	-	9064.53	-	-	-	-	6,253.11
Principal loss on settlement	-	-	-	-	2,246.73	-	-	-	-	1,248.70
Sub-total	**(4,277.80)**	**3,987.41**	**1,767.14**	**-**	**12,788.01**	**952.49**	**49.42**	**740.24**	**-**	**9,243.96**
Non-Fund Based Exposure	(39.24)	(0.93)	(7.22)	-	(47.40)	13.58	(1.70)	(14.34)	-	(2.46)
Security deposits	-	-	-	(9.40)	(9.40)	-	-	-	(1.05)	(1.05)
Sub-total	**(39.24)**	**(0.93)**	**(7.22)**	**(9.40)**	**(56.80)**	**13.58**	**(1.70)**	**(14.34)**	**(1.05)**	**(3.51)**
Total impairment loss	**(4,317.04)**	**3,986.48**	**1,759.92**	**(9.40)**	**12,731.21**	**966.07**	**47.72**	**725.90**	**(1.05)**	**9,240.45**

NOTE 28: EMPLOYEE BENEFIT EXPENSE

(₹ in Lakh)

Particulars	For the year ended 31st March 2021	For the year ended 31st March 2020
Salaries and wages	6,885.15	6,335.83
Contribution to provident and other funds	150.56	155.56
Gratuity expenses	51.34	38.44
Share based payments to employees	159.04	196.51
Staff welfare expenses	129.95	138.94
Total	**7,376.04**	**6,865.28**

NOTE 29: DEPRECIATION, AMORTISATION AND IMPAIRMENT

(₹ in Lakh)

Particulars	For the year ended 31st March 2021	For the year ended 31st March 2020
Depreciation of tangible assets	123.27	128.63
Amortisation of intangible assets	45.62	57.41
Depreciation on right-of-use asset	799.58	819.17
Total	**968.47**	**1,005.21**

Notes to Financial Statements

for the as at/year ended 31st March 2021

NOTE 30: OTHER EXPENSES

(₹ in Lakh)

Particulars	For the year ended 31st March 2021	For the year ended 31st March 2020
Marketing Expenses	61.09	112.25
Professional & Legal Fees	369.82	514.85
Rent – Short-term leases	6.45	15.51
Travelling & Lodging Expenses	25.39	164.87
IT Services Expenses	401.00	331.87
Fee & Stamp Charges	213.66	347.44
Terminal deployment charges	121.74	900.62
Service Tax & GST expensed out	439.60	721.56
Rates & Taxes	10.98	3.43
Auditors' Remuneration (a)	28.57	27.82
Insurance expenses	69.99	85.53
Office and Maintenance Expenses	207.05	209.65
Power and Fuel Charges	81.59	89.58
Telephone & Internet Charges	115.56	90.67
Verification and Rating charges	150.59	219.77
Bank charges	51.20	79.20
Outsource Agency Cost	633.66	779.65
Miscellaneous Expenses	100.91	47.72
Total	**3,088.85**	**4,741.99**

(a) Audit Remuneration include fees payable to auditor as analysed below:

(₹ in Lakh)

Particulars	For the year ended 31st March 2021	For the year ended 31st March 2020
As auditor:		
Statutory audit of the Company	24.50	24.50
Certification fees	4.00	2.50
Out of Pocket expenses	0.07	0.82
TOTAL	**28.57**	**27.82**

Amounts recognised in profit and loss for ROU Assets and Lease Liabilities

(₹ in Lakh)

Particulars	For the year ended 31st March 2021	For the year ended 31st March 2020
Depreciation expense on right-of-use assets	799.58	819.17
Interest expense on lease liabilities	176.28	323.22

Expenditure in foreign currency during the year:

(₹ in Lakh)

Particulars	For the year ended 31st March 2021	For the year ended 31st March 2020
Other borrowing cost	335.89	225.53
Marketing Expenses	-	11.57
Verification and Rating charges	6.79	-
IT Services Expenses	-	13.31
TOTAL	**342.68**	**250.41**

Notes to Financial Statements

for the as at/year ended 31st March 2021

NOTE 31: INCOME TAX

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

(₹ in Lakh)

Particulars	For the year ended 31st March 2021	For the year ended 31st March 2020
Current tax	-	214.23
Adjustment in respect of current income tax of prior years	-	282.88
Deferred tax charge/(credit) relating to change in tax rates	-	456.57
Deferred tax charge/(credit) relating to origination and reversal of temporary differences	(1,413.46)	(112.88)
Total tax charge	**(1,413.46)**	**840.80**

RECONCILIATION OF THE TOTAL TAX CHARGE:

The tax charge shown in the statement of profit and loss differs from the tax charge that would apply if all profits had been charged at India corporate tax rate. A reconciliation between the tax expense and the accounting profit multiplied by India's domestic tax rate for the years ended 31st March 2021 and 31st March 2020 is, as follows:

(₹ in Lakh)

Particulars	For the year ended 31st March 2021	For the year ended 31st March 2020
Accounting profit before tax	(4,422.50)	537.50
At India's statutory income tax rate of 25.168% (for the year ended 31st March 2020: 25.168%)	(1,113.05)	135.28
Effects of:		
Creation of Deferred Tax on account of Other Ind AS adjustments of the previous period	(300.41)	(33.93)
	(1,413.46)	**101.35**
Adjustment in respect of current income tax of prior years	-	282.88
Deferred tax charge/(credit) relating to change in tax rates	-	456.57
Income tax expense reported in the statement of profit & Loss	**(1,413.46)**	**840.80**

The effective income tax rate for 31st March 2021 is 25.168% (for the year ended 31st March 2020: 25.168%).

DEFERRED TAX

The following table shows deferred tax recorded in the balance sheet and changes recorded in the Income tax expense:

(₹ in Lakh)

Particulars	As at 31st March 2021		For the year ended 31st March 2021	
	Deferred Tax Assets	Deferred Tax Liabilities	Income Statement	OCI
Brought Forward Loss	893.48	-	246.66	-
Depreciation, amortisation and impairment	62.88	-	8.92	-
Lease Adjustments	51.11	-	(30.01)	-
Impairment allowance for financial assets	3,097.53	-	982.23	-
Derivative instruments in Cash flow hedge relationship	100.29	-	-	0.13
ESOP Expenses	223.73	-	124.59	-
Other temporary differences includes deferred tax on unamortised costs on Borrowings and unamortised net income on Loan, deferred tax on allowable/disallowable expenses under Income Tax etc.	95.04	-	81.07	-
Total	**4,524.06**	**-**	**1,413.46**	**0.13**
Net Amount	**4,524.06**			

Notes to Financial Statements
for the as at/year ended 31st March 2021

(₹ in Lakh)

Particulars	As at 31st March 2020		For the year ended 31st March 2020	
	Deferred Tax Assets	Deferred Tax Liabilities	Income Statement	OCI
Brought Forward Loss	646.81	-	(146.21)	-
Depreciation, amortisation and impairment	53.96	-	2.59	-
Lease Adjustments	81.12	-	9.19	-
Impairment allowance for financial assets	2,115.30	-	(107.26)	-
Derivative instruments in Cash flow hedge relationship	100.16	-	-	100.16
ESOP Expenses	99.14	-	28.76	-
Other temporary differences includes deferred tax on unamortised costs on Borrowings and unamortised net income on Loan, deferred tax on allowable/disallowable expenses under Income Tax etc.	13.97	-	(130.76)	-
Total	**3,110.46**	**-**	**(343.69)**	**100.16**
Net Amount	**3,110.46**			

NOTE 32: EARNINGS PER SHARE

Basic earnings per share (EPS) is calculated by dividing the net profit for the year attributable to equity holders of Company by the weighted average number of equity shares outstanding during the year.

Diluted EPS is calculated by dividing the net profit attributable to equity holders of Company (after adjusting for dividend on the convertible preference shares) by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

Particulars	For the year ended 31st March 2021	For the year ended 31st March 2020
Net profit/(loss) attributable to ordinary equity holders of the parent	(3,009.04)	(622.41)
Less: Dividend to Preference Shareholders	(0.46)	(0.46)
Profit/(loss) available for equity shareholders	(3,009.50)	(622.87)
Weighted average number of ordinary shares for basic earnings per share	**6,57,05,546**	**6,56,68,292**
Weighted average number of equity shares outstanding during the year	1,80,00,600	1,80,00,600
Dilutive impact of weighted average number of Compulsory Cumulative Convertible Preference Shares	4,56,44,009	4,56,44,009
Dilutive impact of weighted average number of ESOP	20,60,937	20,23,683
Face value of per share	10.00	10.00
Earnings per share		
Basic earnings per share (₹)	(16.72)	(3.46)
Diluted earnings per share (₹)	(16.72)	(3.46)

Notes:

1. Since diluted EPS are anti-dilutive hence, the disclosure is restricted to basic EPS.
2. Weighted average shares mentioned above are numbers.

Notes to Financial Statements
for the as at/year ended 31st March 2021

NOTE 33: EMPLOYEE STOCK OPTION SCHEME (ESOS)

ESOP SCHEME 2018

The Employee Stock Options Scheme (ESOP Scheme) 2018 was approved by the shareholders at their Extra Ordinary General Meeting held on 21st March 2018. The Scheme has been formulated in accordance with the provisions of the Companies Act, 2013, as amended read with applicable provisions of the Companies Rules, 2014. The Company has granted stock options to the eligible employees as per ESOP scheme 2018. All the options are exercisable on liquidity event or Initial Public Offer (IPO), whichever is earlier. The Employee Stock Option Scheme 2018 is being administered and monitored by the Nomination and Remuneration Committee of the Company set up by the Board. The Company is authorised to issue 21,99,589 (Twenty One Lakh Ninety Nine Thousand Five Hundred and Eighty Nine) number of equity shares of the Company having face value of ₹ 10 per share, under the ESOP Scheme 2018 to the eligible employees upon meeting of such vesting criteria as may be fixed or determined by the Board.

ESOP SCHEME 2017

No further options were granted during the year under this scheme. All the options are exercisable on liquidity event or Initial Public Offer (IPO), whichever is earlier. The Board at its meeting held on March 21, 2018 approved for short closing the ESOP 2017 and approved revised ESOP 2018 scheme.

For the year ended 31st March 2021 following Employee Stock Option Plans (ESOPs) were in existence. The relevant details of the schemes and the grants are as below:

(₹ in Lakh)

Details of Employee Stock Option Schemes	ESOP 2018	ESOP 2017
Date of Shareholder's approval of plan	21st March 2018	30th November 2017
Date of grant	Various dates	Various dates
Number of options granted	19,13,884	4,21,000
Method of settlement	Equity	Equity
Vesting Period	5 years	5 years
Details of vesting condition	Continued service	Continued service
Exercise Price	₹ 159.47	₹ 10 to ₹ 113.17

Details of Vesting

(₹ in Lakh)

Vesting period from the grant date *	ESOP 2018	ESOP 2017
Completion of 1 year	20.00%	20.00%
Completion of 2 year	20.00%	20.00%
Completion of 3 year	20.00%	20.00%
Completion of 4 year	20.00%	20.00%
Completion of 5 year	20.00%	20.00%

There were no cancellations of modifications to the schemes in 31st March 2021, 31st March 2020.

* The SAR's already granted to continuing employees as on 31st March 2018 is replaced by the Employee Stock Options under the ESOP 2017 scheme at the Special resolution passed by the members on 30th November 2017.The vesting schedule of each employee under ESOP scheme is aligned to the vesting schedule as per the original SAR scheme except the first vesting shall happen only after completion of 12 months from the date of the grant of option under ESOP scheme 2017.

Notes to Financial Statements

for the as at/year ended 31st March 2021

Details of activity under each plan

(₹ in Lakh)

Particulars	ESOP 2018		ESOP 2017	
	No. of Options	Weighted Avg. Exercise Price	No. of Options	Weighted Avg. Exercise Price
Outstanding as at 1st April 2019	16,78,884	159.47	4,21,000	60.81
Granted during the year	60,000	159.47	-	-
Forfeited during the year	(85,500)	159.47	(23,800)	-
Outstanding as at 3st March 2020	**16,53,384**	**-**	**3,97,200**	**-**
Outstanding as at 1st April 2020	16,53,384	159.47	3,97,200	60.81
Granted during the year	30,000	159.47	-	-
Outstanding as at 31st March 2021	**16,83,384**	**159.47**	**3,97,200**	**60.81**
Vested and exercisable as at 31st March 2021	**7,41,554**		**3,86,200**	
Weighted average remaining contractual life (in years)	3		2	

The value of the underlying shares has been determined by an independent valuer. The following assumptions were used for calculation of fair value of grants in accordance with Black Scholes model, for options granted during the financial year:

(₹ in Lakh)

Particulars	For the year ended 31st March 2021	For the year ended 31st March 2020
Risk-free interest rate	4.44% to 5.71%	6.55% to 7.06%
Expected life of options (years)	5 years	5 years
Expected volatility (%)	24.08%	21.75%
Dividend yield	0%	0%
Exercise price	159.47	159.47
Weighted average share price (₹)	159.47	159.47

The risk free interest rates are determined based on the Government bond yields with maturity equal to the expected term of the option. Volatility calculation is based on historical stock prices of comparable companies using standard deviation of change in stock price. The historical period is taken into account to match the expected life of the option.

The expense recognised for employee services received during the year is shown in the following table:

(₹ in Lakh)

Particulars	For the year ended 31st March 2021	For the year ended 31st March 2020
Expense arising from equity-settled share based payment transactions	159.04	196.51
Expense arising from cash-settled share based payment transactions	-	-
Total expense arising from share based payment transactions	**159.04**	**196.51**

NOTE 34: RETIREMENT BENEFIT PLAN

DEFINED CONTRIBUTION PLAN

The Company makes Provident Fund and Employee State Insurance Scheme contributions which are defined contribution plans, for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised ₹ 150.34 Lakh (for the year ended 31st March 2020: ₹ 149.89 Lakh) for Provident Fund contributions (including admin charges) and ₹ 0.22 Lakh (for the year ended 31st March 2019: ₹ 5.67 Lakh) 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 has defined benefit gratuity plan and is governed by the Payment of Gratuity Act, 1972. Under the Gratuity Act, an employee who has completed five years of service is entitled to specific benefits. The level of benefits provided depends on the member's length of service, managerial grade and salary at retirement age. Gratuity expense has been disclosed separately in Note 28

Notes to Financial Statements

for the as at/year ended 31st March 2021

The following tables summaries the components of net benefit expense recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for the gratuity plan.

STATEMENT OF PROFIT AND LOSS

(1) Net employee benefit expense recognised in the employee cost:

(₹ in Lakh)

Particulars	For the year ended 31st March 2021	For the year ended 31st March 2020
Current service cost	48.55	37.13
Interest expense	7.06	5.82
Interest income	(5.34)	(4.51)
Total Expenses recognised in Statement of profit and loss	**50.27**	**38.44**
Remeasurement (or Actuarial) (gain)/loss arising from:		
- change in demographic assumptions	-	(0.01)
- change in financial assumptions	(7.87)	6.74
- experience variance (i.e. Actual experience vs assumptions)	9.50	11.87
- others		
Return on plan assets excluding interest income	4.08	2.71
Total Expenses recognised in other comprehensive income	**5.71**	**21.31**

BALANCE SHEET

(2) Reconciliation of present value of the obligation and the fair value of plan assets:

(₹ in Lakh)

Particulars	As at 31st March 2021	As at 31st March 2020
Defined benefit obligation	184.45	140.64
Fair value of plan assets	152.74	106.85
Asset/(liability) recognised in the balance sheet	(31.71)	(33.79)

(3) Changes in the present value of the defined benefit obligation are as follows:

(₹ in Lakh)

Particulars	As at 31st March 2021	As at 31st March 2020
Opening defined benefit obligation	141.22	88.67
Transfer in/Out		
Interest cost	7.06	5.82
Current service cost	48.55	37.13
Benefits paid	(14.01)	(9.00)
Past Service Cost	-	-
Remeasurement (or Actuarial) (gain)/loss arising from:		
- change in demographic assumptions	-	(0.01)
- change in financial assumptions	(7.87)	6.74
- experience variance (i.e. Actual experience vs assumptions)	9.50	11.87
Closing defined benefit obligation	**184.45**	**141.22**
Less: Amount paid by Fund but yet to be paid to employee	-	(0.58)
Net Closing defined benefit obligation	**184.45**	**140.64**

Note:

Amount of ₹ Nil (as of 31st March 2020: ₹ 0.58 Lakh has been released by LIC to the Company w.r.t. gratuity payment to a left employee, while the same has not yet been received by the employee.

Notes to Financial Statements
for the as at/year ended 31st March 2021

(4) Changes in the fair value of plan assets are as follows:

(₹ in Lakh)

Particulars	As at 31st March 2021	As at 31st March 2020
Opening fair value of plan assets	106.85	68.68
Transfer in/out		
Interest income	5.34	4.51
Contributions by employer	58.64	45.95
Benefits paid	(14.01)	(9.58)
Return on plan assets excluding interest income	(4.08)	(2.71)
Closing fair value of plan assets	**152.74**	**106.85**

(5) The principal assumptions used in determining gratuity obligations for the Company's plans are shown below:

Particulars	As at 31st March 2021	As at 31st March 2020
Discount rate	4.40%	5.00%
Salary growth rate	6.00%	8.00%
Attrition rate		
Customer Acquisition Manager ('CAMS')	70%	70%
Other than CAMS	35%	35%
Mortality rate	100% of IALM 2012-14	100% of IALM 2012-14

(6) Investments quoted in active markets:

Particulars	As at 31st March 2021	As at 31st March 2020
Funds managed by the issuer	100%	100%
Total	**100%**	**100%**

(7) Expected payment for future years:

(₹ in Lakh)

Particulars	As at 31st March 2021	As at 31st March 2020
Within the next 12 months (next annual reporting period)	55.60	45.08
Between 2 and 5 years	116.48	84.84
Between 6 and 10 years	35.09	31.55
Beyond 10 years	5.95	6.02
Total expected payments	**213.11**	**167.49**

The Company expects to contribute ₹ 72.78 Lakh to the fund in the next financial year.

The weighted average duration of the defined benefit obligation as at 31st March 2021 is 3 years (as at 31st March 2020: 3 years).

The fund is administered by Life Insurance Corporation of India ("LIC"). The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

The salary growth rate indicated above is the Company's best estimate of an increase in salary of the employees in future years, determined considering the general trend in inflation, seniority, promotions, past experience and other relevant factors such as demand and supply in employment market, etc.

Notes to Financial Statements
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The principal assumptions used in determining leave encashment obligations for the Company's plans are shown below:

Particulars	As at 31st March 2021	As at 31st March 2020
Discount rate	4.40%	5.00%
Salary growth rate	6.00%	8.00%
Normal retirement age	58 years	58 years
Mortality Rate	100% of IALM 2012-14	100% of IALM 2012-14
Attrition rate		
Customer Acquisition Manager ('CAMS')	70%	70%
Other than CAMS	35%	35%

The discount rate indicated above reflects the estimated timing and currency of benefit payments. It is based on the yields/ rates available on applicable bonds as on the current valuation date.

The salary growth rate indicated above is the Company's best estimate of an increase in salary of the employees in future years, determined considering the general trend in inflation, seniority, promotions, past experience and other relevant factors such as demand and supply in employment market, etc.

ASSET LIABILITY MATCHING STRATEGIES

The Company has purchased insurance policy, which is basically a year-on-year cash accumulation plan in which the interest rate is declared on yearly basis and is guaranteed for a period of one year. The insurance Company, as part of the policy rules, makes payment of all gratuity outgoes happening during the year (subject to sufficiency of funds under the policy). The policy, thus, mitigates the liquidity risk. However, being a cash accumulation plan, the duration of assets is shorter compared to the duration of liabilities. Thus, the Company is exposed to movement in interest rate (in particular, the significant fall in interest rates, which should result in a increase in liability without corresponding increase in the asset).

SENSITIVITY ANALYSIS

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The results of sensitivity analysis is given below:

(₹ in Lakh)

Particulars	As at 31st March 2021	As at 31st March 2020
Defined Benefit Obligation (Base)	184.45	141.22

Particulars	As at 31st March 2021		As at 31st March 2020	
	Decrease	Increase	Decrease	Increase
Discount Rate (-/+ 1%)	190.46	178.77	145.93	136.79
(% change compared to base due to sensitivity)	3.30%	(3.10)%	3.30%	(3.10)%
Salary Growth Rate (-/+ 1%)	178.90	190.17	136.89	145.72
(% change compared to base due to sensitivity)	(3.00)%	3.10%	(3.10)%	3.20%
Attrition Rate (-/+ 50% of attrition rates)	237.58	150.93	196.28	112.90
(% change compared to base due to sensitivity)	28.80%	(18.20)%	39.00%	(20.00)%
Mortality Rate (-/+ 10% of mortality rates)	184.42	184.47	141.20	141.24
(% change compared to base due to sensitivity)	0.00%	0.00%	0.00%	0.00%

Notes to Financial Statements
for the as at/year ended 31st March 2021

NOTE 35: 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. With regard to loans and advances to customers, the Company uses the same basis of expected repayment behaviour as used for estimating the EIR. Issued debt reflect the contractual coupon amortisations.

(₹ in Lakh)

Particulars	As at 31st March 2021			As at 31st March 2020		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Assets						
Financial assets						
Cash and cash equivalents	5,453.22	-	5,453.22	16,560.60	-	16,560.60
Bank Balance other than above	25,807.81	-	25,807.81	5.91	-	5.91
Derivative financial instruments	-	-	-	-	550.84	550.84
Trade receivables	0.01	-	0.01	-	-	-
Loans	74,827.78	46,862.75	1,21,690.53	78,526.69	46,004.33	1,24,531.02
Investments	8,255.93	-	8,255.93	-	-	-
Other financial assets	317.62	1,636.51	1,954.13	117.20	1,696.84	1,814.04
Non-financial Assets						
Deferred tax assets (net)	-	4,524.06	4,524.06	-	3,110.46	3,110.46
Property, plant and equipment	-	172.13	172.13	-	195.58	195.58
Right-of-use assets	-	2,636.39	2,636.39	-	2,426.57	2,426.57
Capital work-in-progress	-	-	-	-	-	-
Other intangible assets	-	46.25	46.25	-	91.87	91.87
Other non-financial assets	613.96	365.37	979.33	609.42	767.40	1,376.82
Total assets	**1,15,276.33**	**56,243.46**	**1,71,519.79**	**95,819.82**	**54,843.89**	**1,50,663.71**
Liabilities						
Financial Liabilities						
Trade payables						
total outstanding dues of creditors other than micro enterprises and small enterprises	1,118.55	-	1,118.55	920.61	-	920.61
Derivative financial liabilities	26.65	-	26.65	-	-	-
Debt Securities	27,703.84	61,139.14	88,842.98	25,424.33	47,877.89	73,302.22
Borrowings (other than debt securities)	21,217.00	20,068.73	41,285.73	8,591.47	25,726.30	34,317.77
Other Financial liabilities	1,201.04	2,818.21	4,019.25	1,250.92	2,242.90	3,493.82
Non-financial Liabilities						
Provisions	551.13	254.70	805.83	110.83	250.78	361.61
Other non-financial liabilities	230.09	-	230.09	220.41	-	220.41
Total Liabilities	**52,048.30**	**84,280.78**	**1,36,329.08**	**36,518.57**	**76,097.87**	**1,12,616.44**
Net	**63,228.03**	**(28,037.32)**	**35,190.71**	**59,301.25**	**(21,253.98)**	**38,047.27**

Notes:

1. The Company considers Put/Call option dates for the purpose of reporting maturity pattern of Borrowings including debt securities.
2. In the preparation of the above disclosure, certain assumption have been considered by the management which have been relied upon by the auditors.
3. The Maturity profile in respect of loans given has been prepared based on the contractual cash inflows from the loans disbursed agreed with customers as the Company expects the behaviour to be similar.

Notes to Financial Statements

for the as at/year ended 31st March 2021

NOTE 36: CHANGE IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

(₹ in Lakh)

	As at 31st March 2020	Cash Flows (net)	Exchange difference	Others	As at 31st March 2021
Debt Securities	73,302.22	15,121.40	-	419.36	88,842.98
Borrowings other than debt securities	34,317.77	7,534.66	(576.96)	10.26	41,285.73
Total	**1,07,619.99**	**22,656.06**	**(576.96)**	**429.62**	**1,30,128.71**

(₹ in Lakh)

	As at 31st March 2019	Cash Flows (net)	Exchange difference	Others	As at 31st March 2020
Debt Securities	69,293.16	4,225.33	-	(216.28)	73,302.22
Borrowings other than debt securities	9,303.64	23,963.07	948.80	102.26	34,317.77
Total	**78,596.80**	**28,188.40**	**948.80**	**(114.01)**	**1,07,619.99**

Others includes amortised cost impact and incremental interest liability at the year end.

NOTE 37: CONTINGENT LIABILITIES, COMMITMENTS

(A) CONTINGENT LIABILITIES

(₹ in Lakh)

Particulars	As at 31st March 2021	As at 31st March 2020
Bank Guarantees		
Bank Guarantee given by Banks for renovation of work to be carried out by Mumbai Head Office	-	5.00
Total	-	**5.00**

(B) COMMITMENTS

(₹ in Lakh)

Particulars	As at 31st March 2021	As at 31st March 2020
Commitments related to loans sanctioned but undrawn		
PayLater Open Limits (refer Note 18)	827.14	1,483.22
Other Commitments		
Capital commitments	7.48	20.64
Total	**834.62**	**1,503.86**

Notes to Financial Statements
for the as at/year ended 31st March 2021

NOTE 38: RELATED PARTY DISCLOSURES

(A) LIST OF RELATED PARTIES WITH WHOM COMPANY HAD TRANSACTION

Enterprise where Key Managerial Personnel has significant influence or control

Dilta Services LLP

Key Managerial Personnel

Mr. Piyush Kumar Khaitan	Managing Director
Mr. Arun Nayyar	Chief Executive Officer (CEO)
Mr. B Ravi Kumar	Chief Financial Officer (CFO) & Company Secretary (CS)

Directors

Mr. Dhruv Kumar Khaitan	Chairman
Mr. BS Nagesh (up to 19th April 2019)	Independent Director
Ms. Smita Aggarwal (from 7th May 2019 to 8th August 2019)	Independent Director
Ms. Bindu Ananth (from 10th October 2019)	Independent Director
Mr. Mahesh Krishnamurthy (from 1st April 2019)	Director
Mr. Ganesh Rengaswamy	Director
Mr. Prashasta Seth (up to 31st December 2020)	Director
Mr. Micheal Fernandes	Director
Mr. Pranav Kumar	Director
Mr Amit Mehta (from 12th February 2021)	Additional Director

(B) RELATED PARTY TRANSACTIONS DURING THE YEAR:

Particulars	Enterprise where Key Managerial Personnel has significant influence or control		Key Management Personnel/Managing Director		Directors		Relatives of Key Management Personnel/ Directors	
	For the year ended 31st March 2021	For the year ended 31st March 2020	For the year ended 31st March 2021	For the year ended 31st March 2020	For the year ended 31st March 2021	For the year ended 31st March 2020	For the year ended 31st March 2021	For the year ended 31st March 2020
Transactions								
For infrastructure maintenance charges recovered	11.27	13.42	-	-	-	-	-	-
Managerial Remuneration	-	-	47.30	47.20	-	-	-	-
Professional fees	-	-	-	-	24.00	19.50	-	-
Remuneration	-	-	347.57	449.35	-	-	-	-
Balances								
Deposit for accommodation	-	-	7.00	7.00	-	-	-	-

Notes:

a) Related parties have been identified on the basis of the declaration received by the management and other records available.

b) Provisions for gratuity, compensated absences and other long-term service benefits are made for the Company as a whole and the amounts pertaining to the key managerial personnel are not specifically identified and hence are not included above.

c) The Company enters into transactions, arrangements and agreements involving related parties in the ordinary course of business under the same commercial and market terms, interest and commission rates that apply to non-related parties.

Notes to Financial Statements
for the as at/year ended 31st March 2021

NOTE 39: CAPITAL

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, the Company may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes have been made to the objectives, policies and processes from the previous years. However, they are under constant review by the Board.

(₹ in Lakh)

Regulatory capital	As at 31st March 2021	As at 31st March 2020
TIER I capital	29,725.41	34,206.18
TIER II capital	1,608.83	1,708.32
Total capital	31,334.24	35,914.50
Risk weighted assets	1,37,825.29	1,36,665.98
Tier I CRAR	21.56%	25.03%
Tier II CRAR	1.17%	1.25%
Tier I + II CRAR	22.73%	26.28%

Regulatory capital consists of TIER I capital, which comprises share capital, share premium, retained earnings including current year loss less accrued dividends.

As per RBI guidelines, the Company being a Non-Banking Finance Company has to maintain capital adequacy ratio of 15% for NBFC business.

NOTE 40: EVENTS AFTER REPORTING DATE

There have been no events after the reporting date that require disclosure in these financial statements.

NOTE 41: FAIR VALUE MEASUREMENT

41.1 VALUATION PRINCIPLE

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price), regardless of whether that price is directly observable or estimated using a valuation technique. In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques.

Level 1: valuation based on quoted market price: financial instruments with quoted prices for identical instruments in active markets that the Company can access at the measurement date.

Level 2: valuation using observable inputs: financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.

Level 3: valuation technique with significant unobservable inputs: financial instruments valued using valuation techniques where one or more significant inputs are unobservable.

Notes to Financial Statements

for the as at/year ended 31st March 2021

41.2 FAIR VALUE HIERARCHY OF ASSETS AND LIABILITIES

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

31st March 2021

(₹ in Lakh)

Assets measured at fair value on a recurring basis	Level-1	Level-2	Level-3	Total
Financial assets held for trading				
Mutual funds	8,255.93	-	-	8,255.93
Total Financial assets held for trading	8,255.93	-	-	8,255.93
Total assets measured at fair value on a recurring basis	8,255.93	-	-	8,255.93
Total financial assets measured at fair value	**8,255.93**	**-**	**-**	**8,255.93**

(₹ in Lakh)

Liabilities measured at fair value on a recurring basis	Level-1	Level-2	Level-3	Total
Derivative financial instruments				
Currency Swaps	-	(64.08)	-	(64.08)
Cross Currency Interest Rate Swaps	-	90.73	-	90.73
Total derivative financial instruments	-	26.65	-	90.73
Total financial liabilities measured at fair value on a recurring basis	-	26.65	-	90.73
Total financial liabilities measured at fair value	**-**	**26.65**	**-**	**90.73**

31st March 2020

(₹ in Lakh)

Assets measured at fair value on a recurring basis	Level-1	Level-2	Level-3	Total
Derivative financial instruments				
Currency Swaps	-	241.14	-	241.14
Cross Currency Interest Rate Swaps	-	309.70	-	309.70
Total derivative financial instruments	**-**	**550.84**	**-**	**550.84**
Total assets measured at fair value on a recurring basis	**-**	**550.84**	**-**	**550.84**
Total financial assets measured at fair value	**-**	**550.84**	**-**	**550.84**

There are no financial instruments measured at fair value on non-recurring basis.

Investments in Mutual Fund are fair valued through Profit & Loss account. Derivative Financial Instruments are fair valued through Other Comprehensive Income and rest of all financial assets are measured at amortised costs.

41.3 VALUATION TECHNIQUES

Derivative contracts

Derivatives contracts include Cross Currency Swaps and Cross Currency Interest Rate Swaps. These instruments are valued by (a) observable foreign exchange rates; and (b) observable or calculated forward points (implied yield curves). The Company classifies Derivatives contracts as Level 2 financial instruments when no unobservable inputs are used for their valuation or the unobservable inputs used are not significant to the measurement (as a whole).

Foreign exchange contracts

Foreign exchange contracts include foreign exchange forward and swap contracts and over-the-counter foreign exchange options. These instruments are valued by either observable foreign exchange rates, observable or calculated forward points and option valuation models. With the exception of contracts where a directly observable rate is available which are disclosed as Level 1, the Company classifies foreign exchange contracts as Level 2 financial instruments when no unobservable inputs are used for their valuation or the unobservable inputs used are not significant to the measurement (as a whole).

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Mutual Funds

Mutual Funds include investment in liquid funds and overnight funds. These are debt-based funds. The amounts mentioned is the fair value of the portfolio basis the NAV of the underlying schemes which are published by respective AMCs on a daily basis. The cost of the portfolio as at 31st March 2021 is ₹ 8,249.59 Lakh (As at 31st March 2020: Nil)

41.4 FAIR VALUE OF FINANCIAL INSTRUMENTS NOT MEASURED AT FAIR VALUE

Set out below is a comparison, by class, of the carrying amounts and fair values of the Company's financial instruments that are not carried at fair value in the financial statements. This table does not include the fair values of non-financial assets

31st March 2021	Valuation	Fair Value				
		Carrying Value	Level-1	Level-2	Level-3	Total
Financial assets:						
Cash and cash equivalents	At amortised cost	5,453.22	3,253.22	2,200.00	-	5,453.22
Bank balance other than above	At amortised cost	25,807.81	-	25,807.81	-	25,807.81
Trade receivables	At amortised cost	0.01	-	-	0.01	0.01
Loans	At amortised cost	1,21,690.53	-	-	1,21,690.53	1,21,690.53
Other Financial Assets	At amortised cost	1,954.13	-	-	1,954.13	1,954.13
Total financial assets		**1,54,905.69**	**3,253.22**	**28,007.81**	**1,23,644.66**	**1,54,905.69**
Financial liabilities:						
Trade payables	At amortised cost	1,118.55	-	-	1,118.55	1,118.55
Debt securities	At amortised cost	88,842.98	-	-	88,842.98	88,842.98
Borrowings (other than debt securities)	At amortised cost	41,285.73	-	-	41,285.73	41,285.73
Other Financial liabilities	At amortised cost	4,019.25	-		4,019.25	4,019.25
Total financial liabilities		**1,35,266.51**	**-**	**-**	**1,35,266.51**	**1,35,266.51**
Off balance sheet items						
Other commitments	At amortised cost	827.14	-	-	827.14	827.14
Total off-balance sheet items		**827.14**	**-**	**-**	**827.14**	**827.14**

There are no transfer of assets/liabilities between Level 1, Level 2 and Level 3 during the current year as well as previous year.

31st March 2020	Valuation	Fair Value				
		Carrying Value	Level-1	Level-2	Level-3	Total
Financial assets:						
Cash and cash equivalents	At amortised cost					
Bank balance other than above	At amortised cost	16,560.60	559.70	16,000.90	-	16,560.60
Trade receivables	At amortised cost	5.91	-	5.91	-	5.91
Loans	At amortised cost	1,24,531.02	-	-	1,24,531.02	1,24,531.02
Other Financial Assets		1,814.04	-	-	1,814.04	1,814.04
Total financial assets		**1,42,911.57**	**559.70**	**16,006.81**	**1,26,345.06**	**1,42,911.57**
Financial liabilities:						
Trade payables	At amortised cost	920.61	-	-	920.61	920.61
Debt securities	At amortised cost	73,302.22	-	-	73,302.22	73,302.22
Borrowings (other than debt securities)	At amortised cost	34,317.77	-	-	34,317.77	34,317.77
Other Financial liabilities	At amortised cost	3,493.82	-	-	3,493.82	3,493.82
Total financial liabilities		**1,12,034.42**	**-**	**-**	**1,12,034.42**	**1,12,034.42**
Off balance sheet items						
Other commitments	At amortised cost	1,483.22	-	-	1,483.22	1,483.22
Total off-balance sheet items		**1,483.22**	**-**	**-**	**1,483.22**	**1,483.22**

41.5 VALUATION METHODOLOGIES OF FINANCIAL INSTRUMENTS NOT MEASURED AT FAIR VALUE

The Company has determined that the carrying values of cash and cash equivalents, bank balances, trade receivables, loans, trade payables, debt securities, borrowings, other financial assets, other financial liabilities and off-balance sheet item are a reasonable approximation of their fair value and hence their carrying values are deemed to be fair values.

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NOTE 42: RISK MANAGEMENT

42.1 INTRODUCTION AND RISK PROFILE

42.1.1 Risk management structure

The Board of Directors are responsible for the overall risk management approach and for approving the risk management strategies and principles. The Board has constituted the Credit and Risk Management Committee which is responsible for monitoring the overall risk process within the Company.

The Credit and Risk Management Committee has the overall responsibility for the development of the risk strategy and implementing principles, frameworks, policies and limits. This Committee is also responsible for managing portfolio risk decisions and monitoring risk levels.

The Company's Treasury is responsible for managing its assets and liabilities and the overall financial structure. It is also primarily responsible for the funding and liquidity risks of the Company.

The Company's risk management processes are audited annually by the Internal Auditors, who examine both the adequacy of the procedures and the Company's compliance with the procedures. The Internal Auditors discuss the results of all assessments with the management, and reports their findings and recommendations to the Audit Committee of the Board.

42.1.2 Risk mitigation and risk culture

As part of its overall risk management, the Company can use derivatives and other instruments to manage exposures resulting from changes in interest rates and foreign currencies, equity risks and credit risks. Currently, the Company uses derivatives to manage its interest rate and foreign exchange risk arising from the USD denominated borrowings.

In accordance with the Company's policy, its risk profile is assessed before entering into hedging transactions, which are authorised by the appropriate level of seniority within the Company. The effectiveness of hedges is assessed by the ALCO (based on economic considerations rather than the Ind AS hedge accounting regulations). The effectiveness of all the hedge relationships is monitored by the ALCO on a monthly basis. It is the Company's policy that in situations of ineffectiveness, it will enter into a new hedge relationship to mitigate risk on a continuous basis. Currently, the positions are fully hedged (i.e. 100% risk of interest rate and/or foreign exchange movement) in line with the Board approved policies.

42.1.3 Risk measurement and reporting systems

The Company's loan asset portfolio risk is measured using a method that reflects expected loss likely to arise in normal circumstances based on statistical models. The models make use of probabilities derived from historical experience, adjusted to reflect the economic environment, whenever required. This risk measurement is quantified by way of the Expected Credit Loss (ECL). Unexpected losses resulting from unforseen event risks e.g. natural disasters/events/pandemic situations etc., are estimated by applying judgemental inferences to lead indicators of portfolio behaviour.

The Company's policy is to measure and monitor the overall risk, in relation to the aggregate risk exposure across all risk types and activities.

Information compiled from all the departments is examined and processed in order to analyse, control and identify operational risks on a timely basis. This information is presented and explained to the Head of each Department, the Audit Committee of the Board. The Audit Committee of the Board & the Credit and Risk Management Committee receives a comprehensive risk report once a quarter (from the Auditors & the Risk Head respectively) which is designed to provide all the necessary information to assess and conclude on the risks of the Company.

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. The Company continuously trains its employees to build awareness of the Company's risk appetite and support them in their roles and responsibilities to monitor risk.

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42.2 CREDIT RISK

Credit risk is the possbility that the Company will incur a loss because its customers or counterparties fail to discharge their contractual obligations. The Company manages and controls credit risk by setting limits on the amount of risk it is willing to accept on its Loan Portfolio, and by monitoring exposures in relation to such limits.

The Company has established a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties.

The credit quality review process aims to allow the Company to assess the potential loss as a result of the risks to which it is exposed and take corrective actions.

42.2.1 Derivative financial instruments

Credit risk arising from derivative financial instruments is, at any time, limited to those with positive fair values, as recorded on the balance sheet.

With gross–settled derivatives, the Company is also exposed to a settlement risk, being the risk that the Company honours its obligation, but the counterparty fails to deliver the counter value. The Company deals with only high rated Banking Counterparty(ies) to ensure mitigation of counterparty credit risk and settlement risk.

42.2.2 Impairment assessment

The references below show where the Company's impairment assessment and measurement approach is set out in this report. It should be read in conjunction with the Summary of significant accounting policies.

The Company's definition and assessment of default (Note 42.2.2.1):

- How the Company defines, calculates and monitors the Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD) (Notes 42.2.2.2 to 42.2.2.4).
- When the Company considers there has been a significant increase in credit risk (SICR) of an exposure (Note 42.2.2.5).
- The details of the ECL calculations for Stage 1, Stage 2 and Stage 3 assets.

42.2.2.1 Definition of default

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

As a part of a qualitative assessment of whether a customer is in default, the Company also considers a variety of instances that may indicate unlikeliness to pay. When such events occur, the Company carefully considers whether the event should result in treating the customer as defaulted and therefore assessed as Stage 3 for ECL calculations or whether Stage 2 is appropriate. Such events may include (and not be limited to):

- All the facilities of a borrower from all the borrowed accounts are treated as Stage 3 when one of his facility becomes 90 days past due i.e. credit impaired.
- A covenant breach not waived by the Company.
- The Company on selective Basis does consider restructuring of loans after due assessment of its viability from time to time, in line with regulatory/judicial norms & dispensations.

42.2.2.2 PD estimation process

Probability of Default (PD) is an estimate of the likelihood of default in a homogenous pool of loans, over a 12 months time horizon. PD estimation process is done based on historical & empirical internal data available with the Company. 'Company calculates the 12 months PD by taking into account the past historical trends of the portfolio and its credit performance. In case of assets where there is 'a significant increase in credit risk (SICR) i.e when a borrower becomes 30 Days pas Due, a higher PD is applied basis empirical data of such customers defaulting'. For credit impaired assets, a PD of 100% is applied.

42.2.2.3 Exposure at Default (EAD)

The Exposure at Default (EAD) represents the empirical residual value of loans at the time of default, relative to the principal balance of such accounts at the start point of the 12 months period for which performance has been empirically measured. The Company assesses the possible default events within 12 months & the exposure value at which such loans defaulted. This is represented by the EAD factor. This EAD factor is applied to all Stage 1 & Stage 2 loans, to estimate the likely Exposure at Default.

In case of undrawn loan commitments (for accounts that are live & unexpired), a credit conversion factor of 75% is applied for expected drawdown. For credit impaired assets (i.e. Stage 3 assets), an EAD factor of 100% is applied.

42.2.2.4 Loss Given Default (LGD)

Loss Given Default (LGD) is an estimate of the ultimate loss arising when a default occurs. It is based on empirical contractual realisations from credit impaired assets (i.e. Stage 3 assets) after event of default (& upto 2 years from write-off date) including from the realisation of any security.

42.2.2.5 Significant increase in credit risk

The Company continuously monitors its Loan Portfolio in order to assesses whether there has been an event which could cause a significantly increase in the credit risk (SICR) of the underlying asset or the customers ability to pay and accordingly applies a higher PD rate. An asset can move in & out of SICR category based upon whether it has undergone SICR events that may include (and not be limited to):

- When one of the facilities of a borrower becomes 30 days past due.
- Borrowers of a segment/ industry/ geography under stress.

42.3 LIQUIDITY RISK AND FUNDING MANAGEMENT

Liquidity risk arises from mismatches in the timing of cash flows, these mismatches originates due to difference in average maturity of assets and liabilities in the books. It is a risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities as and when they fall due as a result of mismatches in the timing of the cash flows under both normal and stress circumstances.

Liquidity Risk is primarily monitored by a Board appointed Asset Liability Committee (ALCO) and is managed by the Company's treasury team under the guidance of ALCO.

Liquidity Risk is measured by identifying gaps in the structural and dynamic liquidity statements. Key practices employed by the Company for assessment and monitoring of liquidity risk are as below:

1. Monitoring the external operating environment, regulatory framework for NBFCs, capital market instruments and bank loans, debt market conditions and liquidity, and risk appetite of investors.
2. Mapping of near to medium-term outflows on liabilities and expected inflows from assets, thereby performing a gap assessment for incremental fund raising.
3. Periodic reviews by ALCO relating to the liquidity position, plan of action for incremental fund raising and stress tests of the ALM position.

The Company continues to closely monitor liquidity in the market and as part of its ALCO strategy maintains a liquidity buffer to reduce any liquidity risk. This liquidity buffer is maintained in the form of unencumbered investments in units of mutual funds (Liquid and/or Overnight Schemes), Fixed Deposits with high rated scheduled Commercial Banks and undrawn Bank lines.

The Company maintains a diverse mix of borrowings from various sources, including banks, developmental financial institutions, foreign portfolio investors and high rated NBFCs. The Company continued to borrow long-term debt with longer contractual maturity compared to its loans and advances portfolio, in order to maintain positive cumulative gaps in its ALM. The average maturity of liabilities is higher than average maturity of assets, which has caused positive gap in the ALM. During the year, the Company strengthened its banking partnerships by onboarding a large PSU Bank as debt

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provider. The Company also continues to explore new sources of borrowing and concluded two structured borrowings transactions during the financial year FY 2020-21 (Partial Guarantee Backed Term Loan and PTC Securitisation) and onboarded new category of debt investor (Alternate Investment Funds).

Considering the COVID-19 pandemic, the Company has augmented its liquidity buffers by taking measured steps on disbursements and expenses. At the same time, a strong borrowings pipeline has been built from a diverse set of domestic and overseas financing institutions. The liquidity buffer is sufficient to support ongoing debt repayments and operating expenses of the Company, along with regular collections and incremental debt fund raising pipeline is sufficient to support business growth.

42.3.1 Liquidity ratios

Public Disclosure on Liquidity Risk (in accordance with RBI Circular - RBI/2019-20/88 DOR.NBFC (PD) CC. No.102/03.10.001/2019-20), as on 31st March 2021 as below:

a) Funding Concentration based on significant counterparty

Particulars	As at 31st March 2021
Number of significant counter parties	18
Amount	1,27,682.76
Percentage of funding total borrowings	**98.13%**

Significant Counterparties are defined as - A single counterparty or group of connected or affiliated counterparties accounting in aggregate for more than 1% of the Company's total borrowings.

b) Top 10 borrowings (by counterparty)

Particulars	As at 31st March 2021
Total Borrowings	1,30,119.61
Top 10 Borrowings	1,06,487.44
Top 10 as a percentage of total borrowings	**81.84%**

c) Funding Concentration by Instrument

Name of the instrument	As at 31st March 2021	% of Total
Non-Convertible Debentures (NCD)	88,833.88	68.27%
Term Loans	18,760.33	14.42%
External Commercial Borrowings (ECB)	16,648.32	12.79%
Cash Credit (CC)	2,455.72	1.89%
Others	3,421.36	2.63%
Total	**1,30,119.61**	

Significant Counterparties are defined as – A single counterparty or group of connected or affiliated counterparties accounting in aggregate for more than 1% of the Company's total borrowings.

d) Stock Ratios

Particulars	Percentage
Commercial Paper – as a percentage of total public funds	NA
Commercial Paper – as a percentage of total liabilities *	Nil
Commercial Paper – as a percentage of total assets	Nil
NCD (original maturity < 1year) – as a percentage of total public funds	NA
NCD (original maturity < 1year) – as a percentage of total liabilities *	Nil
NCD (original maturity < 1year) – as a percentage of total assets	Nil
Other Short-Term Debt – as a percentage of total public funds	NA
Other Short-Term Debt – as a percentage of total liabilities *	5.33%
Other Short-Term Debt – as a percentage of total assets	4.24%

* Total Liabilities does not include Total Equity.

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e) Institutional set-up for liquidity risk management

The Liquidity Risk Management Policy of the Company is approved by the Board of Directors of the Company.

The Board of Directors or other sub-Committee of the Board including Audit Committee/Sub-Committee have approved the formation of the Asset Liability Committee (ALCO), comprising the Managing Director, Chief Executive Officer, Chief Financial Officer, Senior Vice President – Treasury.

42.3.2 Analysis of financial assets and liabilities by remaining contractual maturities

The table below summarises the maturity profile of the undiscounted cashflow of Debt Securities and Borrowings (other than debt securities):

(₹ in Lakh)

Particulars	As at 31st March 2021	As at 31st March 2020
Within 1 Year	59,597.31	42,676.26
Over 1 year to 2 Years	61,878.86	39,237.38
Over 2 years to 3 Years	23,313.44	30,763.58
Over 3 years to 5 Years	5,759.41	13,895.57
	1,50,549.02	**1,26,572.79**

Note:

1. The Company considers Put/Call option dates for the purpose of reporting maturity pattern of Borrowings including debt securities.

The table below summarises the maturity profile of the undiscounted cashflow of Trade Payable and Other Financial Liabilities:

(₹ in Lakh)

Particulars	As at 31st March 2021		As at 31st March 2020	
	Trade Payable	Other Financial Liabilities	Trade Payable	Other Financial Liabilities
Within 1 Year	1,118.55	1,201.04	920.61	1,250.91
Over 1 years to 3 Years	-	1,828.08	-	1,800.90
Over 3 years to 5 Years	-	890.16	-	404.03
Above 5 Years	-	99.97	-	37.97
TOTAL	**1,118.55**	**4,019.25**	**920.61**	**3,493.81**

42.4 MARKET RISK

Market risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices. The Company classifies exposures to market risk into either trading or non–trading portfolios and manages each of those portfolios separately. Such risks the market risk for the trading portfolio is managed and monitored based on a VaR methodology that reflects the interdependency between risk variables. Non–trading positions are managed and monitored using other sensitivity analyses.

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42.4.1 Total market risk exposure

(₹ in Lakh)

Particulars	As at 31st March 2021			As at 31st March 2020			Primary Risk sensitivity
	Carrying amount	Traded risk	Non-traded risk	Carrying amount	Traded risk	Non-traded risk	
Assets							
Cash and cash equivalents	5,453.22	-	5,453.22	16,560.60	-	16,560.60	Interest Rate
Other bank balances	25,807.81		25,807.81	5.91	-	5.91	Interest Rate
Derivative financial instruments	-	-	-	550.84	550.84	-	Interest Rate/ Foreign Exchange
Trade receivables	0.01	-	0.01	-	-	-	Interest Rate
Loans	1,21,690.53	-	1,21,690.53	1,24,531.02	-	1,24,531.02	Interest Rate
Financial investments at FVTPL	8,255.93	8,255.93	-	-	-	-	Interest Rate/ Equity Price
Other Financial Assets	1,954.13		1,954.13	1,814.04	-	1,814.04	Interest Rate
Total	**1,63,161.63**	**8,255.93**	**1,54,905.70**	**1,43,462.41**	**550.84**	**1,42,911.57**	
Liabilities							
Derivative financial instruments	26.65	26.65	-	-	-	-	Interest Rate/ Foreign Exchange
Trade payables	1,118.55	-	1,118.55	920.61	-	920.61	Interest Rate
Debt securities	88,842.98	-	88,842.98	73,302.22	-	73,302.22	Interest Rate
Borrowings (other than debt securities)	41,285.73	-	41,285.73	34,317.77	-	34,317.77	Interest Rate/ Foreign Exchange
Other financial liabilities	4,019.25	-	4,019.25	3,493.82	-	3,493.82	Interest Rate
Total	**1,35,293.16**	**26.65**	**1,35,266.51**	**1,12,034.42**	**-**	**1,12,034.42**	

42.4.1 Market risk non-trading

42.4.1.1 Interest rate risk

Interest rate sensitivity on fixed and floating rate assets and liabilities with differing maturity profiles is measured by using the duration gap analysis. The same is monitored by the ALCO periodically. All the Company loans and advances are on a Fixed Interest basis. The Company has floating rate borrowings primarily in two categories – (a) Domestic borrowings linked to the Lender's Base Rate/MCLR; (b) USD denominated borrowings linked to USD LIBOR. The USD LIBOR linked borrowings are fully hedged for the interest rate risk in accordance with the Company's Foreign Exchange Risk Management Policy. Most of the borrowings in NCD and Term loans are fixed rate borrowings, hence not exposed interest rate risk.

Change in Interest Rate

Particulars	As at 31st March 2021		As at 31st March 2020	
	Impact on profit before tax	Impact on equity	Impact on profit before tax	Impact on equity
25 basis point down	12.69	9.50	12.38	9.26
50 basis point down	25.38	18.99	24.77	18.54
25 basis point up	(12.69)	(9.50)	(12.38)	(9.26)
50 basis point up	(25.38)	(18.99)	(24.77)	(18.54)

Borrowings with floating rate structure has been considered for interest rate sensitivity analysis.

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42.4.1.2 Currency risk

In the normal course of its business, the Company does not deal in foreign exchange significantly, except for its USD denominated External Commercial Borrowings. Any foreign exchange exposure on account of foreign exchange borrowings is hedged fully to safeguard against exchange rate risk in accordance with the Company's Foreign Exchange Risk Management Policy.

Particulars	As at 31st March 2021		As at 31st March 2020	
	USD in Lakh	Amount	USD in Lakh	Amount
External Commercial Borrowings (ECB)	225.81	16,509.14	225.81	17,086.09
Derivative Financial Instrument*	(225.81)	(16,509.14)	(225.81)	(17,086.09)

* represents the notional amount of the derivative financial instrument.

42.4.1.3 Equity price risk

The Company does not have any exposure to equity price risk.

42.5 Operational and business risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people or systems, or from external events.

The operational risks of the Company are managed through comprehensive internal control systems and procedures and key back up processes. In order to further strengthen the control framework and effectiveness, the Company has established risk control self assessment at branches to identify process lapses by way of exception reporting. This enables the management to evaluate key areas of operational risks and the process to adequately mitigate them on an ongoing basis. The Company also undertakes Risk based audits on a regular basis across all business units/functions. While examining the effectiveness of control framework through self-assessment, the risk-based audit would assure effective implementation of self-certification and internal financial controls adherence, thereby, reducing enterprise exposure.

The Company has put in place a robust Disaster Recovery (DR) plan, which is periodically tested. Business Continuity Plan (BCP) is further put in place to ensure seamless continuity of operations including services to customers, when confronted with adverse events such as natural disasters, technological failures, human errors, terrorism, etc. Periodic testing is carried out to address gaps in the framework, if any. DR and BCP audits are conducted on a periodical basis to provide assurance regarding the effectiveness of the Company's readiness.

The COVID-19 pandemic has affected several countries across the world, including India, Consequent lockdowns and varying restrictions imposed by the government across several jurisdictions in which the Company operates has considerably impacted company's business operations during the year ended 31st March 2021. In accordance with the board approved moratorium policy read with the Reserve Bank of India (RBI) guidelines dated 27th March 2020, 17th April 2020 and 22nd May 2020 relating to 'COVID-19 – Regulatory Package', the Company has granted moratorium upto six months on the payment of installments falling due between 1st March 2020 and 31st August, 2020 to all standard account borrowers. In respect of accounts overdue but standard at 29th February 2020 where moratorium benefit has been granted, the staging of those accounts at 31st March 2020 is based on the days past due status as on 29th February 29, 2020 (or as on reporting date, whichever is lower). Based on an assessment by the Company, this relaxation has not been deemed to be automatically triggering significant increase in credit risk.

The Company continues to recognise interest income during the moratorium period and in the absence of other credit risk indicators, the granting of a moratorium period does not result in accounts becoming past due and automatically triggering Stage 2 or Stage 3 classification criteria. The Company also provided for the specified scheme called "Sanjivani" to certain eligible borrowers which included deferment of principal/interest as per the specific terms of the arrangement as appropriate.

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The impact of COVID-19 on the global economy and how governments, businesses and consumers respond is uncertain. This uncertainty is reflected in the Company's assessment of impairment loss allowance on its loans which are subject to a number of management judgements and estimates. In relation to COVID-19, judgements and assumptions include the extent and duration of the pandemic, the impacts of actions of governments and other authorities, and the responses of businesses and consumers in different industries. The Company has separately incorporated estimates, assumptions and judgements specific to the impact of the COVID-19 pandemic and the associated support packages in the measurement of impairment loss allowance. The expected credit loss recognised in its books as at 31st March 2021 is ₹ 12,339.14 Lakh (including a management overlay of ₹ 500 Lakh). Further, the Company wrote off an amount of ₹ 11,311.27 Lakh during the year ended 31st March 2021. The Company's impairment loss allowance estimates are uncertain in view of the COVID-19 pandemic and, as a result, actual results may differ from these estimates.

NOTE 43: REGULATORY DISCLOSURES

43.1 CAPITAL

(₹ in Lakh)

Particulars	As at 31st March 2021	As at 31st March 2020
i) CRAR (%)	22.73%	26.28%
ii) CRAR – Tier I Capital (%)	21.56%	25.03%
iii) CRAR – Tier II Capital (%)	1.17%	1.25%
iv) Amount of subordinated debt raised as Tier-II capital	-	-
v) Amount raised by issue of Perpetual Debt Instruments	-	-

43.2 INVESTMENTS

(₹ in Lakh)

Particulars	As at 31st March 2021	As at 31st March 2020
(1) Value of Investments		
(i) Gross Value of Investments		
(a) In India	8,255.93	-
(b) Outside India	-	-
(ii) Provisions for Depreciation		
(a) In India	-	-
(b) Outside India	-	-
(iii) Net Value of Investments		
(a) In India	8,255.93	-
(b) Outside India	-	-
A Movement of provision held toward Depreciation on Investment		
(i) Opening balance	-	-
(ii) Add: Provisions made during the year	-	-
(iii) Less: Write-off/write-back of excess provisions during the year	-	-
(iv) Closing Balance	8,255.93	-

43.3 DERIVATIVES

43.3.1 Forward Rate Agreement/Interest Rate Swap

(₹ in Lakh)

Particulars	As at 31st March 2021	As at 31st March 2020
i) The notional principal of swap agreements	16,137.29	16,137.29
ii) Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	-	-
iii) Collateral required by the Company upon entering into swaps	1,264.51	1,134.64
iv) Concentration of credit risk arising from the swaps	-	-
v) The fair value of the swap book	-	-

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43.3.2 Exchange Traded Interest Rate Derivatives

The Company has entered into Over the Counter Derivatives and hence disclosure for Exchange Traded Interest Rate Derivatives is not applicable.

43.3.3 Disclosures on Risk Exposure in Derivatives

Particulars	As at 31st March 2021		As at 31st March 2020	
	Currency Derivatives	Interest rate derivatives	Currency Derivatives	Interest rate derivatives
Derivatives (Notional Principal Amount)				
a) For hedging	4,245.00	11,892.29	4,245.00	11,892.29
b) For trading	-	-	-	-
Marked to Market Positions				
a) Asset (+)	64.08	-	241.14	309.70
b) Liability (-)	-	(90.73)	-	-
Credit Exposure	-	-	-	-
Unhedged Exposures	-	-	-	-

43.4 DISCLOSURES RELATING TO SECURITISATION

i) The Company has entered into Securitisation transactions for the year ended 31st March 2021.

Particulars	No./Amount in ₹ Lakh
No of SPVs sponsored by the NBFC for securitisation transactions	1
Total amount of securitised assets as per books of the SPVs sponsored by the NBFC	4,145.10
Total amount of exposures retained by the NBFC to comply with MRR as on the date of balance sheet	
On-balance sheet exposures	
* First Loss	227.98
* Others	455.96

ii) 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 in the 31st March 2021 and 31st March 2020.

iii) Details of assignment transactions
The Company has not assigned any financial assets for the year ended 31st March 2021 and 31st March 2020.

iv) Details of non-performing assets purchased/sold

a) Details of non-performing financial assets purchased

Particulars	As at 31st March 2021	As at 31st March 2020
1.		
(a) No. of accounts purchased during the year	-	-
(b) Aggregate outstanding	-	-
2.		
(a) Of these, number of accounts restructured during the year	Nil	Nil
(b) Aggregate outstanding	Nil	Nil

b) Details of non-performing financial assets sold

Particulars	As at 31st March 2021	As at 31st March 2020
1. No. of accounts sold	-	1
2. Aggregate outstanding	-	26.82
3. Aggregate consideration received	-	11.00

Notes to Financial Statements
for the as at/year ended 31st March 2021

43.5 EXPOSURES

i) The Company has no exposure to real estate sector during the 31st March 2021 and 31st March 2020.

ii) The Company has no exposure to capital market during the 31st March 2021 and 31st March 2020.

iii) Details of Single Borrower Limit (SGL)/Group Borrower Limit (GBL) exceeded by the NBFC
During the year, the Company has not exceeded SGL & GBL limits as prescribed under NBFC Regulation.

iv) Unsecured Advances
During the year, the Company has not given any advance against collateral of rights, licenses, authority, etc.

43.6 MISCELLANEOUS

43.6.1 Registration obtained from other financial sector regulators

RBI registration no.	B-13.02077
IRDA registration no.	CA0472
Company Identification Number (CIN)	U51504MH1993PTC251544

43.6.2 Disclosure of Penalties imposed by RBI and other regulator

During the year ended 31st March 2021, no penalties have been levied by any regulator on the Company.

43.6.3 Related Party Transaction

Refer note no. 38 for transactions with related party.

43.6.4 Ratings assigned by credit rating agencies and migration of ratings during the year

Instruments	Credit Rating Agency	As at 31st March 2021	As at 31st March 2020
Long-Term Bank lines	ICRA	[ICRA] BBB (Stable)	[ICRA] BBB (Stable)
Non-Convertible Debenture	ICRA	[ICRA] BBB (Stable)	[ICRA] BBB (Stable)
Cash Credit	ICRA	[ICRA] BBB (Stable)	[ICRA] BBB (Stable)
Working Capital Demand Loan	ICRA	[ICRA] BBB (Stable)	[ICRA] BBB (Stable)
Non-Convertible Debenture	CARE	CARE BBB+ (Negative)	CARE BBB+ (Stable)
Long-Term Bank lines	CARE	CARE BBB+ (Negative)	-
Series A - Pass Through Certificates (Securitisation)	CARE	Provisional CARE Single A (Structured Obligation)	-
Non-Convertible Debenture	India Ratings & Research	-	IND BBB (Stable)

43.6.5 Remuneration of Directors

No Remuneration or Sitting fees paid or provided to non-executive directors during the year ended 31st March 2021

43.7.1 Provisions and contingencies

(₹ in Lakh)

Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account	As at 31st March 2021	As at 31st March 2020
Provisions for depreciation on Investment	-	-
Provision towards Stage 3	1,759.92	725.90
Provision made towards Income tax	-	-
Other Provision and Contingencies (with details)	-	-
Provision for Standard Assets	(330.56)	1,013.79

43.7.2 Draw Down from Reserves

During the year, the Company has not drawn down any amount from Reserves.

Notes to Financial Statements
for the as at/year ended 31st March 2021

43.7.3 Concentration of Advances, Expenses & NPAs

43.7.3.1 Concentration of Advances

	As at 31st March 2021
Total Advances to twenty largest borrowers	1,511.97
Percentage of Advances to twenty largest borrowers to Total Advances of the applicable NBFC	1.14%

43.7.3.2 Concentration of Exposures

	As at 31st March 2021
Total Exposure to twenty largest borrowers/customers	1,547.14
Percentage of Exposures to twenty largest borrowers/customers to Total Exposure of the applicable NBFC on borrowers/customers	1.15%

43.7.3.3 Concentration of Stage 3 assets

	As at 31st March 2021
Total Exposure to top four Stage 3 accounts	267.60

44.7.3.4 Sector-wise Stage 3 assets

Sector (As certified by management and relied by Auditors)	Percentage of Stage 3 assets to Total Advances in that sector
Agriculture & allied activities	-
MSME	6.25%
Corporate borrowers	-
Services	-
Unsecured personal loans	-
Auto loans	-
Other personal loans	-

43.7.4 Movement of Stage 3 assets

(₹ in Lakh)

Particulars	As at 31st March 2021	As at 31st March 2020
Stage 3 assets net of stage 3 provision to net advances (%)	3.07%	0.79%
Movement of Stage 3 (Gross)		
Opening balance	4,136.88	5,145.28
Additions during the year	8,239.35	9,188.28
Reductions during the year	(3,718.07)	(10,196.68)
Closing balance	8,658.16	4,136.88
Movement of Net Stage 3		
Opening balance	980.10	1,480.04
Additions during the year	3,302.72	2,206.08
Reductions during the year	(548.58)	(2,706.02)
Closing balance	3,734.24	980.10
Movement of provisions for Stage 3 (excluding provisions on standard assets)		
Opening balance	3,156.78	3,665.24
Provisions made during the year	4,936.63	6,982.20
Write-off/write-back of excess provisions	(3,169.49)	(7,490.66)
Closing balance	4,923.92	3,156.78

Notes to Financial Statements

for the as at/year ended 31st March 2021

43.8 OVERSEAS ASSETS (FOR THOSE WITH JOINT VENTURES AND SUBSIDIARIES ABROAD)

Name of the Joint Venture/Subsidiary	Other Partner in the JV	Country	Total Assets
The Company does not have any joint venture or subsidiary abroad, hence, not applicable.	NA	NA	NA

43.9 OFF-BALANCE SHEET SPVS SPONSORED

The Company does not have any off balance sheet SPV sponsored.

43.10 DISCLOSURE OF COMPLAINTS

Customer Complaints (As certified by management and relied by Auditors)	Numbers
No. of complaints pending at the beginning of the year	-
No. of complaints received during the year	382
No. of complaints redressed during the year	371
No. of complaints pending at the end of the year	11

43.11 ASSET LIABILITY MANAGEMENT (ALM) MATURITY PATTERN OF CERTAIN ITEMS OF ASSETS AND LIABILITIES

(₹ in Lakh)

Particulars	Deposits	Advances	Investments	Borrowings *	Foreign Currency assets	Foreign Currency liabilities
Over 1 day to 7 days	-	2,691.30	8,255.93	2,669.99	-	-
Over 8 days to 14 days	-	2,058.94	-	425.58	-	-
Over 15 days to 30 days	-	2,431.59	-	4,485.87	-	-
Over 1 month to 2 months	-	6,411.21	-	7,086.24	-	-
Over 2 months to 3 Months	-	6,243.67	-	1,433.46	-	-
Over 3 months to 6 months	-	19,187.85	-	10,416.37	-	-
Over 6 months to 1 Year	-	35,803.22	-	22,403.33	-	-
Over 1 year to 3 Years	-	40,835.56	-	75,781.88	-	-
Over 3 years to 5 Years	-	6,027.19	-	5,416.89	-	-
Over 5 Years	-	-	-	9.10	-	-
Total	**-**	**1,21,690.53**	**8,255.93**	**1,30,128.71**	**-**	**-**

Notes:

1. Borrowings include debt securities and borrowings other than debt securities (including External Commercial Borrowings).
2. The Company considers Put/Call option dates for the purpose of reporting maturity pattern of Borrowings including debt securities.
3. In the preparation of the above disclosure, certain assumption have been considered by the management which have been relied upon by the auditors.
4. The Maturity profile in respect of loans given has been prepared based on the contractual cash inflows from the loans disbursed agreed with customers as the Company expects the behaviour to be similar

Notes to Financial Statements

for the as at/year ended 31st March 2021

43.12 DISCLOSURE AS PER RBI NOTIFICATION DOR (NBFC).CC.PD.NO.109/22.10.106/2019-20 DATED 13TH MARCH 2020 – A COMPARISON BETWEEN PROVISIONS REQUIRED UNDER IRACP AND IMPAIRMENT ALLOWANCES MADE UNDER IND AS 109 'FINANCIAL INSTRUMENTS'

(₹ in Lakh)

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7) = (4)-(6)
Performing Assets						
Standard	Stage 1	83,524.82	3,165.45	80,359.37	334.10	2,831.35
Standard	Stage 2	41,846.69	4,249.77	37,596.92	167.39	4,082.38
Sub-total		**125,371.51**	**7,415.22**	**117,956.29**	**501.49**	**6,913.73**
Non-Performing Assets (NPA)						
Sub-standard	Stage 3	8,658.16	4,923.92	3,734.24	865.82	4,058.10
Total		**134,029.67**	**12,339.14**	**121,690.53**	**1,367.30**	**10,971.84**

43.12.1 Disclosures pursuant to RBI Notification – RBI/2019-20/220 DOR.No.BP. BC.63/21.04.048/2019-20 dated 17th April 2020

Particulars	As at 31st March 2021
Amount in SMA/Overdue categories as of 29th February 2020	33,909.01
Respective amounts in SMA/Overdue categories, where the moratorium/deferment was extenended, in terms of Paragraph 2 and 3 of the circular (as on 29th February 2020)	33,909.01
Respective amount where asset classification benefit is extended (outstanding as of 29th February 020)*	11,639.48
Provisions made in term of paragraph 5 of the circular as at the moratorium (As per para 4, applicable to NBFC's covered under Ind AS)	472.06
Provisions adjusted against slippages in terms of Paragraph 6 of the circular	430.11
Residual Provisons as on 31st March 2021 in terms of Paragraph 6 of the circular	41.95

Note: the above numbers excludes the One time Restructuring of loans carried out during the year.

43.12.2 Disclosures pursuant to RBI Notification – RBI/2020-21/17 DOR.No.BP. BC/4/21.04.048/2020-21 dated 6th August 2020

During the year, the Company has done One time Restructuring of loans amounting to ₹ 55,524.11 Lakh (cases: 6,247).

NOTE 44: SEGMENT INFORMATION

The Company operates in a single reportable segment i.e. financing, since the nature of the loans are exposed to similar risk and return profiles hence they are collectively operating under a single segment. The Company operates in a single geographical segment i.e. domestic segment.

The accompanying notes are an integral part of the financial statements

As per our report of even date

For and on behalf of the Board of Directors

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration No. 101049W/E300004

per Bharath N. S.
Partner
Membership No. 210934
Place: Chennai

Date: 12th May 2021

Dhruv Khaitan
Chairman
(DIN: 00002584)
Place: Mumbai

Piyush Khaitan
Managing Director
(DIN: 00002579)
Place: Bengaluru

B. Ravi Kumar
CFO & CS
(M. No. 11172)
Place: Mumbai

Arun Nayyar
CEO
Place: Mumbai

Date: 12th May 2021

SCHEDULE TO THE BALANCE SHEET OF A OF A NON-DEPOSIT TAKING NON-BANKING FINANCIAL COMPANY (AS REQUIRED IN TERMS OF PARAGRAPH 18 OF MASTER DIRECTION – NON-BANKING FINANCIAL COMPANY – SYSTEMICALLY IMPORTANT NON-DEPOSIT TAKING COMPANY AND DEPOSIT TAKING COMPANY (RESERVE BANK) DIRECTIONS, 2016

(₹ in Lakh)

Particulars	Amount Outstanding	Amount Overdue
LIABILITIES SIDE:		
1. Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid:		
a) Debentures (other than falling within the meaning of public deposits*)		
- Secured	88,833.88	-
- Unsecured	-	-
b) Deferred Credits	-	-
c) Term Loans	38,830.01	-
d) Inter-corporate loans and borrowings	-	-
e) Commercial Paper	-	-
f) Other Loans – Demand loans	2,455.72	-
* Please see Note 1 below		-

Particulars	Amount Outstanding
ASSET SIDE:	
2. Break-up of Loans and Advances including bills receivables [other than those included in(4) below]:	
a) Secured	1,34,029.67
b) Unsecured	-
3. Break up of Leased Assets and stocks on hire and other assets counting towards AFC activities:	
i. Lease Assets including lease rentals under sundry debtors:	-
a) Finance Lease	-
b) Operating Lease	-
ii. Stocks on hire including hire charges under sundry debtors:	-
a) Assets on hire	-
b) Repossessed Assets	-
iii. Other Loans counting towards AFC activities:	-
a) Loans where assets have been repossessed	-
b) Loans other than (a) above	-
4. Break up of Investments:	
Current Investments	
1. Quoted	
i. Shares: a) Equity	-
b) Preference	-
ii. Debentures and Bonds	-
iii. Units of mutual funds	8,255.93
iv. Government Securities	-
v. Others	-
2. Unquoted	
i. Shares: a) Equity	-
b) Preference	-
ii. Debentures and Bonds	-
iii. Units of mutual funds	-
iv. Government Securities	-
v. Others	-

	Amount Outstanding
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	-
2. Unquoted	
i. Shares: a) Equity	-
b) Preference	-
ii. Debentures and Bonds	-
iii. Units of mutual funds	-
iv. Government Securities	-
v. Others	-

5. Borrower group-wise classification of assets financed as in (2) and (3) above:

Please see Note 2 below

(₹ in Lakh)

Category	Amount net of provision		
	Secured	Unsecured	Total
1. Related Parties**			
a) Subsidiaries	-	-	-
b) Companies in the same group	-	-	-
c) Other related parties	-	-	-
2. Other than related parties	1,21,690.53	-	-
Total	**1,21,690.53**	**-**	**-**

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

Please see note 3 below

(₹ in Lakh)

	Market Value/ Break up of fair value or NAV	Book Value (Net of Provisions)
1. Related Parties**		
a) Subsidiaries	-	-
b) Companies in the same group	-	-
c) Other related parties	-	-
2. Other than related parties	-	-
Total	**-**	**-**

** As per Accounting Standard of ICAI (Please see Note 3)

7. Other information

(₹ in Lakh)

	Book Value (Net of Provisions)
i. Gross Non-Performing Assets	
a) Related Parties	-
b) Other than related parties	8,658.16
ii. Net Non-Performing Assets	
a) Related Parties	-
b) Other than related parties	3,734.24
iii. Assets acquired in satisfaction of debt	-

Notes:

1. As defined in paragraph 2(1)(xii) of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.
2. Provisioning norms shall be applicable as prescribed in the Master Direction – Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.
3. All Indian Accounting Standards and Guidance Notes issued by ICAI are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debts. However, market value in respect of quoted investments and break up/ fair value/ NAV in respect of unquoted investments should be disclosed irrespective of whether they are classified as long-term or current in category (4) above.

Notes

Notes

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