Annual Report
2019-20

NEOGROWTH

LENDING SIMPLIFIED. GROWTH AMPLIFIED.

Contents

Performance highlights

As on 31st March 2020

AUM
₹1,340 Cr
↗ 26.9%

Total Disbursements
₹1,442 Cr
↘ 5.0%

For FY 2019-20

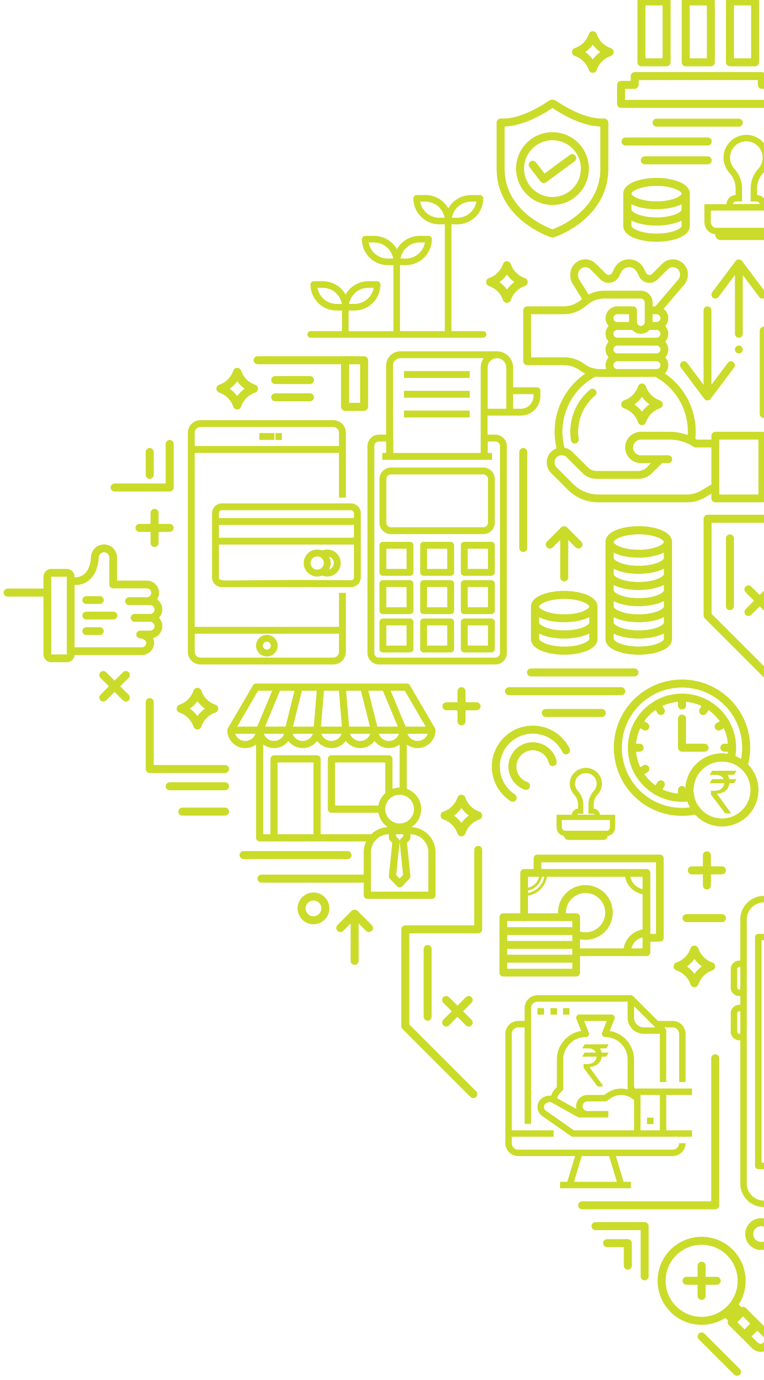
Revenue
₹367.8 Cr
↗ 21.7%

For FY 2019-20

Profit Before Tax
₹5.4 Cr
Vs. ₹ -32.2 Crore (FY 2018-19)

GNPA
2.97%
Vs. 4.9% (FY 2018-19)

Operating Cost/AUM
12.5%
Vs. 15.7% (FY 2018-19)



LENDING SIMPLIFIED. GROWTH AMPLIFIED.

Today's business scenario is undergoing a major shift, making companies focus on caution, dynamism, and strategic flexibility in major areas. This is accelerating the pace of change in the business environment. Cautiousness can be attributed to the various macro factors like the COVID-19 pandemic, trade restrictions, oil production, and pricing, climate change, health hazards at a global level and domestic factors like structural slowdown due to the lockdowns and the spillover effects of major reforms to some industry-specific factors like the NBFC crisis and so on.

As businesses the world over need newer, more refined and new-paradigm aligning strategies to survive, we have been able to withstand the pressures from these changing circumstances by displaying resilience in our performance. As one of the leading players in the digital lending space, we have been setting benchmarks for innovation in the NBFC segment. Beginning with a unique business model and flexible product offerings, to automated credit underwriting using the alternate data and daily repayment model, we have provided innovative and easy to adopt solutions at every step. The focus has not only been to build a strong organisation, but also to create a positive social impact with inclusive growth. Our prudential risk management practices are imbibed in the processes, which ensures a strong portfolio quality.

As we have progressed on the path of impact lending, we have experienced more resources and partners joining us on this exciting journey. We look forward to innovating and reinventing ourselves, while impacting more lives across the country.

Corporate Identity

Supporting grassroots entrepreneurship

NeoGrowth Credit Private Limited (NeoGrowth) is a leading Fintech NBFC in the Micro, Small and Medium Enterprises (MSME) sector; and is a pioneer in Digital Lending.

We are a Systemically Important, Non-Deposit taking Non-Banking Financial Company (NBFC-ND-SI), with topline growth at a CAGR (FY13-20) of 160.1% to ₹ 368 Crore and AUM growing at a CAGR of 200.9% to ₹ 1,340 Crore. NeoGrowth has a highly granular loan book with 17,000+ customers . We proactively balance customer's expectations with innovative product offerings, leading to a higher customer satisfaction. We offer unsecured loans to enterprises accepting cards or other digital payments from their customers, based on their digital transaction data. Our PoS based tech-n-touch

lending and flexible repayment model, along with our customer-centric business philosophy are the key attributes, which have helped us emerge as a strong player in the SME digital lending space. Our customers are primarily new-age small and medium enterprises, who are creditworthy, but were denied formal credit due to inadequate documentation or no credit history. We have a strong foundation comprising industry veterans in our Board of Directors, who guide the leadership team towards our strategic goals.

Having disbursed our first loan in 2013, we have traversed some distance, and continue to contribute to the country's roadmap for inclusive growth. However, we feel that this is just the beginning for us, and we have to cross many more milestones.

Mission

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

Core Values

Our core is defined with three broad values – Accountability, Customer Focus and Innovation. All our products, processes and services are built around these values and we proudly adhere to it. It is what makes us tick in the competitive marketplace that we operate in.

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

Customers
17,000+

Lives impacted*
3,51,267

Investors
6

States
15

Team size
800+

Channel partners
2,000+

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

Investors

OMIDYAR NETWORK INDIA

LGT Lightstone Aspada

khosla impact

QUONA CAPITAL

IIFL ASSET MANAGEMENT

LEAPFROG INVESTMENTS

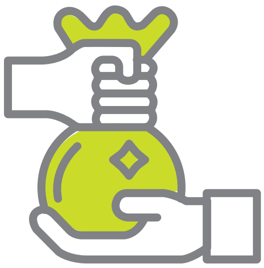
Corporate Identity

Funding aspirations, creating Impact.

Milestone moments of our journey

2013

- **Disbursed our first loan**
- **Raised Seed Stage Equity**
  ₹45 Crore raised from Omidyar & Aspada



2014

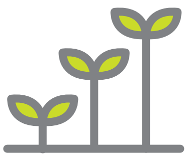
- **Established presence in top metros:** Delhi, Mumbai, Bengaluru, Hyderabad, Chennai and Pune

2015

- **Expanded into megacities**
  Jaipur, Chandigarh, Ahmedabad & Kolkata
- **Raised Series A funding**
  ₹45 Crore raised from Quona capital and Khosla Impact

2016

- **Raised Series B funding**
  ₹107.8 Crore raised from IIFL Seed Venture Funds



2017

- **Opened 11 new branches**
- **Expanded to Tier-II cities**
- **Launched Pay Later**
- **Raised Series C funding**
  ₹300 Crores raised from LeapFrog, Accion and Aspada

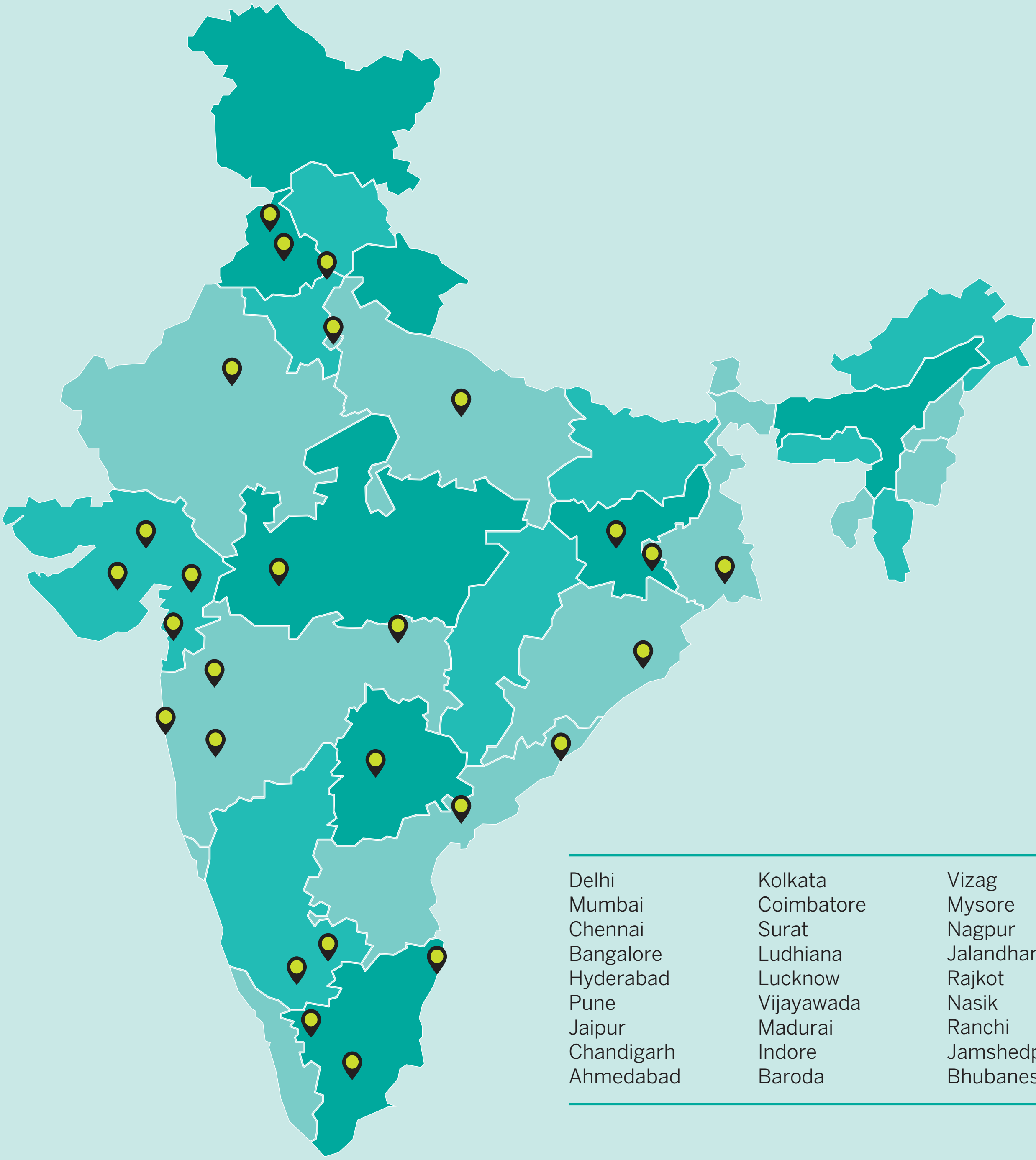
2018

- **Reported ₹1,000 Crore AUM**
- **Launched Vendor Finance**

2019

- **Rolled out NeoGrowth's re-branded identity**
- **Launched Purchase Finance and NeoCash Express**

Pan India presence



Delhi	Kolkata	Vizag
Mumbai	Coimbatore	Mysore
Chennai	Surat	Nagpur
Bangalore	Ludhiana	Jalandhar
Hyderabad	Lucknow	Rajkot
Pune	Vijayawada	Nasik
Jaipur	Madurai	Ranchi
Chandigarh	Indore	Jamshedpur
Ahmedabad	Baroda	Bhubaneswar

Product Suite

Innovative approach to step up growth

There are around 63 Million micro, small and medium size enterprises (MSMEs) operating in India today. We address this segment, focusing primarily on self-employed non-professionals (SENPs), first time borrowers or women borrowers, to fulfil their aspirations with timely and hassle-free funding. We facilitate loans to even businesses, with very less vintage, as our automated underwriting process takes the digital payment data to evaluate credit eligibility. We also offer unique repayment facilities, including daily repayment options.

Why NeoGrowth?

- **Customised repayment solutions**

  We offer direct deductions from PoS or digital sales, with daily, weekly or customised repayment options, eliminating the manual repayment hassles.

- **No collateral required**

  We believe that a collateral is not the deciding factor for creditworthiness. That is the reason, our loans can be availed without any collateral.

- **Doorstep service**

  We know that entrepreneurs don many hats as a part of their routine business. That is why, our employees provide all the services for loans, right at their doorsteps.

- **Easy top-up loans**

  New business opportunities may knock any time. So, our loans come with a top-up facility for those with satisfactory repayment history.

Who do we cater to?

Right from the modest neighbourhood kirana store, to the upcoming eateries, to the chic salon operator – our products and services fuel the true spirit of entrepreneurship in the new India.

Contractor

Restaurants

Groceries

Hotels

Fashion & apparel

Spa & salon

Pharmacies

Hospitals

Doctors' Clinics

Diagnostic Labs

Furniture & home furnishings

Hardware & electricals

Petrol pumps

Auto & two-wheeler service centres

Auto & two-wheeler dealerships

Retail finance –NeoCash

Regular method

These are collateral-free loans for online /offline retailers who are looking for new-age, easy-to-obtain loan products. Retailers with very limited or no credit history can also be eligible for these loans. NeoCash is a short-term loan for customer-facing SMEs having Point of Sale Machines and/or Online Sales.

We also offer a PayLater option, which is an add-on revolving credit limit to existing customers.

₹1-75 Lakh
Ticket size

2 years
Minimum business age[2]

18-36 months
Average loan duration

Express method

NeoCash Express is a no-frills loan product. It is specifically designed for MSMEs looking for a standard, small ticket loan with a quick turnaround time. These are fixed tenure loans with low daily repayment option.

₹3-8 Lakh
Ticket size

2 years
Minimum business age[2]

500 days
Average loan duration

Supply chain finance

Vendor finance

Introduced in 2018, vendor financing is a term loan offering, targeted to the manufacturers and suppliers of large corporates[1]. Working relationship with large corporates act as one of the enablers for these loans. Easy sanctioning and quick disbursements are USPs of these loans.

₹10-75 Lakh
Ticket size

3 years
Minimum business age[2]

18-36 months
Average loan duration

Purchase finance

Purchase financing is our latest offering for traders, manufacturers and service providers purchasing their goods from large corporates[1]. It is an easy sanction product, with an additional PayLater Open option. This feature splits the loan and provides maximum flexibility – whereby 50% of the amount is disbursed as a term loan and another 50% is a credit limit, which can be utilised, based on need.

₹5-75 Lakh
Ticket size

3 years
Minimum business age[2]

18-36 months
Average loan duration

[1] We define large corporates as companies with turnover > ₹250 Crore

[2] Minimum business age is the eligibility for the minimum number of years that the business must complete

Chairman's Communiqué

Empowering ambitious India

Dear Shareholders,

The global economy is grappling with enormous stress and uncertainty owing to COVID -19. Nevertheless, we continue to focus on our core business using Technology and Innovation to overcome whatever bottlenecks we can.

One of our biggest strengths is our data-driven underwriting algorithm and technology-enabled repayments to provide loans to MSMEs. During FY 2019-20, we made encouraging progress, but I must emphasise the fact that the pace would have been far better if the macro scenario was less volatile and more enabling. If we consider our long-term performance, we have maintained a decent CAGR of 160% growth in revenue, in the preceding eight years, despite challenges. This demonstrates our proven track record and brand salience in our industry.

We are also stepping up our nonfinancial performance to address in a holistic manner the concerns of all stakeholders. We consider our Environmental, Social and Governance (ESG) performance as integral to our business model. Our environment protection initiatives include tree plantation drives and sapling distribution, in association with our partnering NGOs. Besides, we have phased out the use of plastic to a very large extent to help protect the environment. We are also continuing to undertake relevant measures to optimise our energy consumption and reduce our carbon footprint.

We look at our business as a vehicle of social change and empowerment for inclusive growth. Inclusive growth can only be possible, if we empower and support the ambitions of small businesses, who in turn take it forward in terms of creating small markets and employment opportunities. Thus, they set into motion a virtuous cycle of societal well-being. I am happy to report that a significant proportion of our customers are first-generation entrepreneurs, including women. These small business owners are also providing employment opportunities to a large section of economically disadvantaged population.

Our philosophy of corporate governance helps steer the Company forward. We have formed specific committees to comply with various regulatory requirements and to minimise our risk exposure.

We believe that investing in talent and nurturing our human capital is core to our success. We focus on upskilling our go-getters to prepare them for the challenges of the future.

Our business growth and sustainability are also underpinned by a large fraternity of suppliers, partners, vendors and distributors. Our constant endeavour is to foster mutually beneficial relationships with them, so that we all succeed together.

I acknowledge that we are navigating choppy waters, and we need to move forward with cautious optimism.

As much as our employees, our business growth and sustainability are also underpinned by a large fraternity of suppliers, partners, vendors and distributors. Our constant endeavour is to foster mutually beneficial relationships with them, so that we all succeed together.

Whatever we do, we ensure the safety of our employees and partners. Therefore, we are firing our innovation engine at full throttle on all fronts, to step up growth without compromising personal safety. This will help create an inclusive, prosperous future for all.

Thank you,

Dhruv Khaitan
Founder & Chairman

Message from the Managing Director

Aligning strategy with our business and social goals

We are not in the best of times, but let me assure you that crisis is a great teacher to chart our way forward.

Our people, processes and products are all aligned to our mission to help grow aspiring businesses and create positive social impact.

According to the IMF, global economic growth is estimated to have declined to 2.9% in Calendar Year (CY) 2019 from 3.6% in CY 2018, due to a slowdown in manufacturing activity, tepid consumer and investor confidence and protectionist measures adopted by major economies like the US and China.

India's economic growth declined to 4.2% in FY 2019-20 from 6.1% in FY 2018-19, largely due to the cyclical slowdown, affecting domestic consumption and the overall investment cycle. Besides, the world faced an unprecedented crisis since January 2020, on account of the outbreak of COVID-19.

IMF views the current disruption as 'The Great Lockdown', owing to the containment measures due to the COVID-19 pandemic. It projects sharp contraction in economic activity across the world. The corresponding growth for the Indian economy is estimated to be 1.9% for FY 2020-21 and 7.4% for FY 2021-22. Given, India's huge population making 'social distancing' a monumental challenge, and its low per capita income, it must be emphasised that the country has managed to combat the crisis in a very calibrated and prudent manner, vis-à-vis other economies of the world, including the US.

The government was proactive in initiating a host of measures to revive economic growth, including corporate tax cuts, amalgamation of banks and easing funding pressure for NBFCs, amongst others. These efforts of the government were complemented by aggressive rate cuts initiated by the Reserve Bank of India (RBI) to infuse liquidity into the economy and provide relief to micro, small and medium enterprises in times of extreme stress emanating from the COVID-19 crisis.

Despite challenges, NBFCs in the fintech lending space were quick to identify gaps in the existing formal lending space and thrive on the strength of faster technology adoption and government impetus. Fintech lending is gaining popularity, as it bridges the gap between formal credit sources and the underserved borrowers, thus fulfilling the financial inclusion objective of the government.

NeoGrowth was conceived with a very clear objective to fill the gap existing between the formal credit sources and the those with low documentation and/or non-existent credit history. Our proprietary underwriting process using data from the digital payments accepted by the SMEs, enable us to empower them with hassle-free products in retail loans and supply chain financing segments.

Our processes are fuelled by innovation, supported by advanced tools like cloud storage, integration with UPI, Aadhar, GST and so on. Our people, processes and products are all aligned to our mission to help grow aspiring businesses and create positive social impact. This approach has earned us wide industry recognition, and we will continue to build on our foundation, going forward.

Before I conclude, I would like to thank all our customers, investors, employees and other stakeholders, who continue to repose their precious trust in our vision and action.

Thank you,

Piyush Khaitan
Founder & Managing Director

Interaction with the CEO

Integrating excellence to step up growth

How has the year shaped up for NeoGrowth? Are you satisfied with the performance? Can you please walk us through the key highlights of the year?
Despite macro challenges, our performance during the year was good on all fronts. Our revenues grew by 21.7% to ₹367.8 Crore, driven by strong demand on both our segments (retail and supply-chain finance). Our AUM grew to ₹1,340 Crore, as we sharpened our market focus and expanded to 15 states. I am happy to share that we now serve over 6,300 pin codes in India. Our 17000+ active customers, with a high renewal rate of 60%+ reflect our customer-centric approach and high brand recall. Our loan book is granular due to low ticket sizes, which helps diversify risks and at the same time serves our mission of supporting entrepreneurship at the grassroots level.

During the year, we also revamped our brand and enriched our portfolio of offerings, and the market response has been very encouraging. We introduced a new product – Purchase Finance during 2019, which was well received by the market.

Can you enlighten us on the new product and its advantages?
Our new product – Purchase Finance is a part of supply chain finance segment. This product was launched in 2019 and is targeted at enterprises which purchase their merchandise from large corporations. With a ticket size of ₹5 Lakh – 75 Lakh, it provides term loans for 18-36 months duration. Businesses that have completed a minimum of 3 years since inception, are eligible to avail purchase finance. The USP of this product is that it comes with a PayLater option, which is an overdraft limit, helping the entrepreneur to avail a revolving limit of 50% of the overall sanction and the balance 50% is disbursed immediately as term loan. It has received tremendous response from the market, and we disbursed over ₹96 Crore during FY 2019-20.

Our loan origination process imbibes risk management within its ambit, which is different from traditional credit underwriting processes. Our proprietary underwriting process involves use of actual business transaction data, which is relatively immune to manipulations and enables us to gauge the real potential of the prospect.

We know that NeoGrowth has been diligently managing risks, even though it offers collateral-free loans. Can you explain in detail your risk management and mitigation process?
NeoGrowth was founded by a team of industry veterans, who deeply understood the card processing industry. They had the knowledge of how effectively the data from card processing can be utilised to solve the long-drawn issues of the SMEs. Combining this expertise with advanced technologies, we have developed a proprietary underwriting process, which utilises data from sources like UPI, GST, CIBIL, Tax returns, MCA and other alternative channels, to come up with a comprehensive score for the prospective customer, which determines their credit limit.

Our loan origination process thus imbibes risk management within its ambit, which is different from traditional credit underwriting processes. We use actual business transaction data, which is relatively

immune to manipulations and enables us to gauge the real potential of the prospect. I think that the innovative process and agility to adopt to changing times, have enabled to achieve these efficiency rates.

What is your outlook for the future?
While the great lockdown in India will impact the economy adversely, to say the least, policymakers will need to ensure that people are able to meet their needs and that businesses can pick up momentum once the acute phases of the pandemic peter out. This requires substantial targeted fiscal, monetary, and financial measures, to maintain the economic ties between workers and firms as well as lenders and borrowers, keeping intact the economic and financial infrastructure of our society. I firmly believe that as a Company, we will continue to play our part to address challenges and help energise the economy in the best possible manner.

Thank you,

Arun Nayyar
Chief Executive Officer

Key Performance Indicators

Ensuring long-term growth

ASSETS UNDER MANAGEMENT (AUM)

(₹ in Crore)

200.9% 26.9%

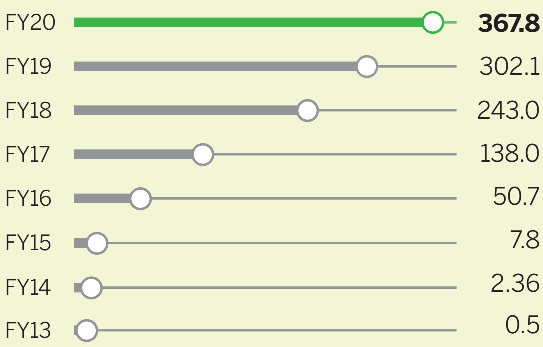
DISBURSEMENTS

(₹ in Crore)

180.0% (5.0%)

TOTAL INCOME

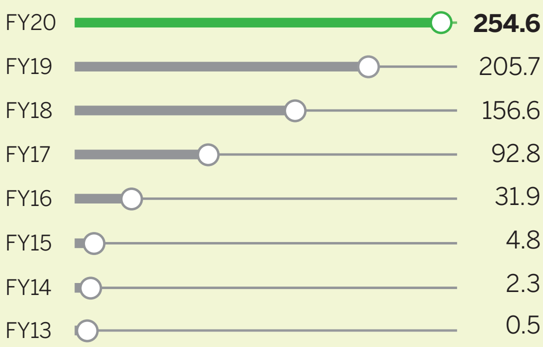
(₹ in Crore)



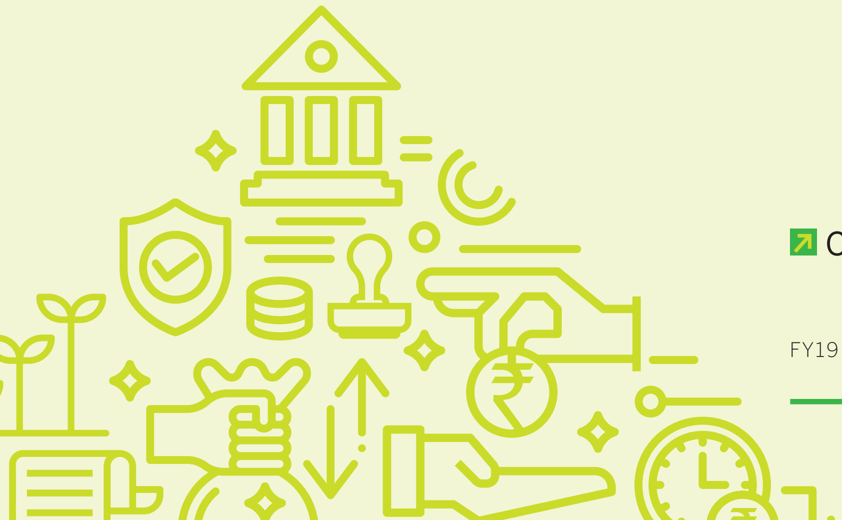
160.1% 21.7%

NET INTEREST INCOME

(₹ in Crore)



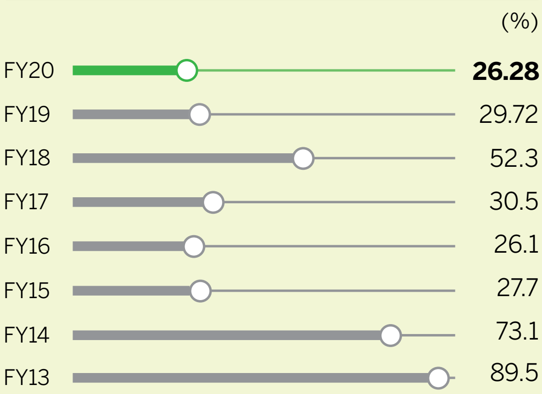
23.8%



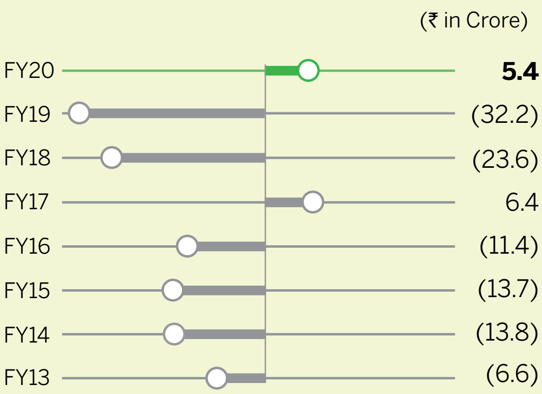
CAGR (From FY13 to FY21) YoY

FY19 & FY20 financials are as per IndAS.

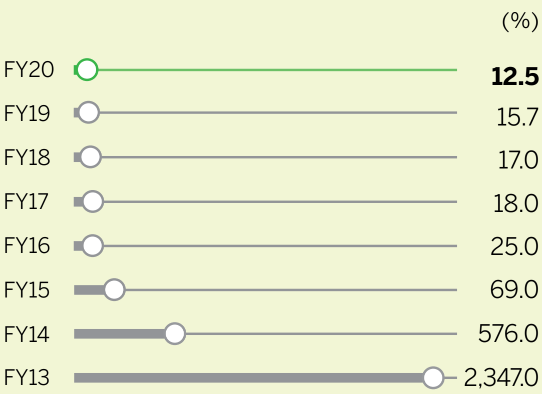
CRAR



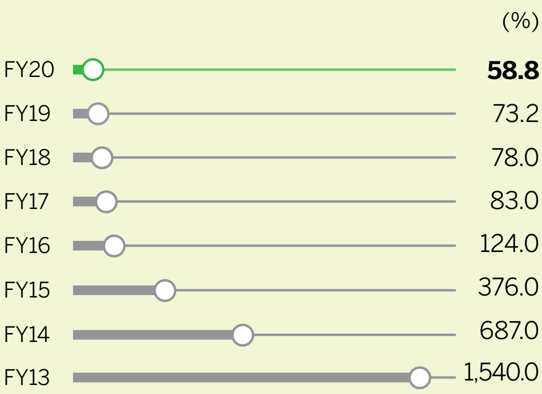
PROFIT BEFORE TAX



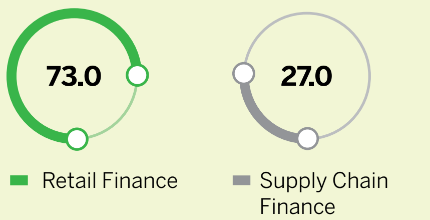
OPERATIONAL COST TO AUM



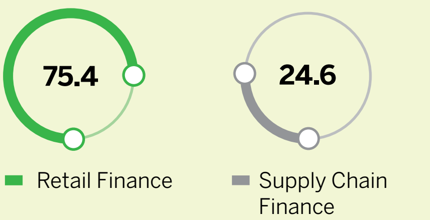
OPERATIONAL COST TO NET INTEREST INCOME



AUM BREAK-UP (%)



DISBURSEMENT BREAK-UP (%)



Investment Value Proposition

Enduring business strengths

We believe our success is fundamental to fulfilling the nation's continued emphasis on inclusive growth. We follow a tech-and-touch model, which comprises the right mix of cutting-edge technology and best-in-class customer service.

First-mover advantage

We are one of the leading players in the niche digital lending segment. We provide lending based on PoS or digital transactions data. Our industry-first initiative of developing a robust digital lending process enabled us to lead as a founding member of the 'Digital Lenders Association of India'. We are also among the few companies in India to receive ISO 9001:2015 for lending to MSMEs.

Robust business model

Interfaces like sales app, merchant and partner's portal link the customer to the Company. Data Pools like GST, UPI, ITR, Perifios, CIBIL, social media and MCA act as enablers for automating and authenticating routine profile-related data, as well as aid in underwriting procedure. Once customer data is authenticated, the underwriting mechanism generates a scorecard for the borrower, determining the credit limit. The loan is disbursed through NACH directly to the customer's account. Collections are governed through a robust Collection Management System. All the data is secured on cloud-based infrastructure and automated.

Founding Member

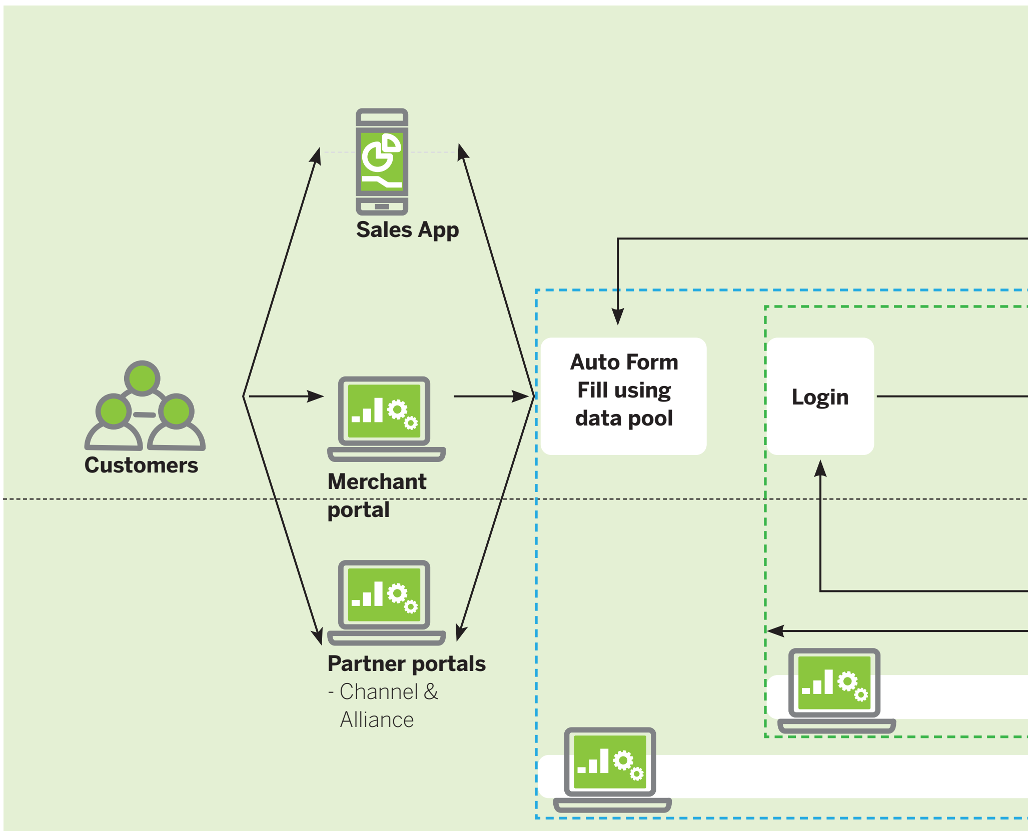
Of Digital Lenders Association of India

Innovative offerings

Our collateral-free loans with flexible repayment terms are preferred in the industry. The lending is facilitated through our proprietary technology, which enables us to underwrite the digital transactions data of prospective borrowers.

Proprietary technology

To underwrite digital transaction data



Experienced leadership

Our founding members possess decades of experience in the fintech space, even before the term was popular. They successfully started, scaled up and exited two fintech ventures, prior to incepting NeoGrowth. The leadership team brings on the table, specialisations from niche industry verticals like card data processing and NBFCs and specific expertise such as ideation, conceptualising, upscaling and risk management, to name a few. Our combined leadership team experience of over 261 years ensures sound business decisions and long-term vision-oriented actions, a rare feat in the industry.

261 years

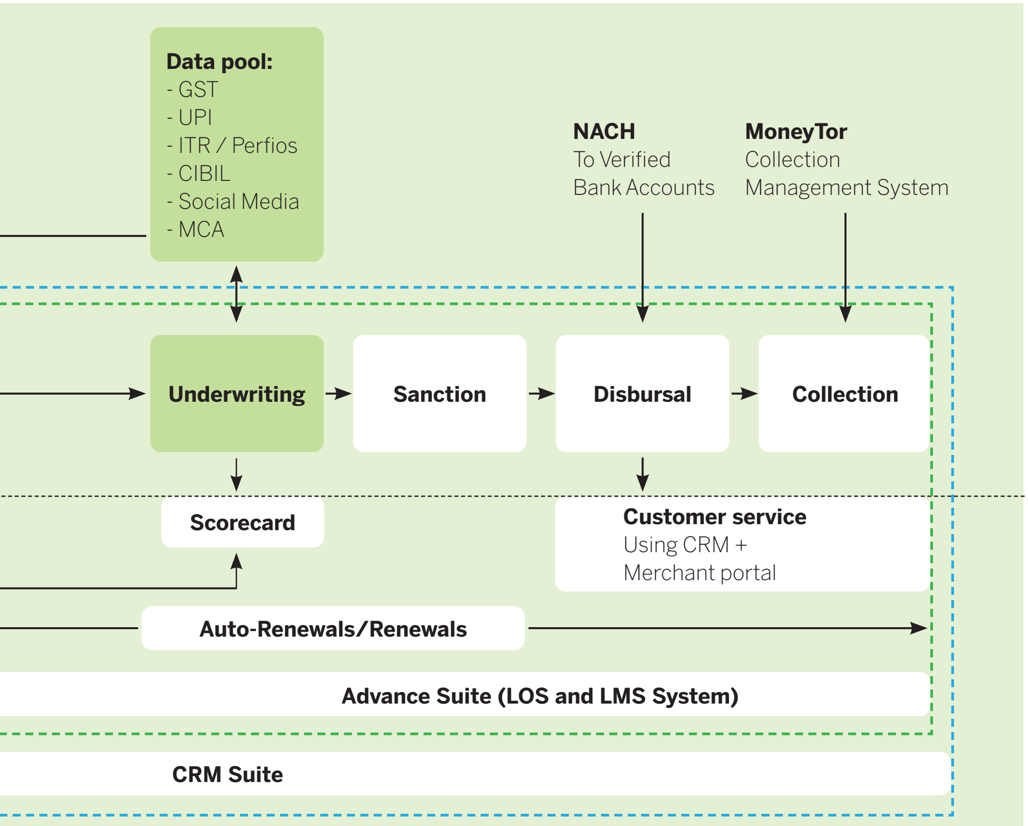
Combined leadership team experience

Integrated digital processes

All our processes are digitally driven by Artificial Intelligence (AI), Machine Learning (ML) and Advanced Analytics. These processes include digital and online lead generation, digitised customer application and login, automated risk scorecards supported by digitally verified data, disbursals directly into customer account, automated collections and portfolio management using risk scoring and analytics, besides ending with data storage on cloud infrastructure. We integrate all these digital technologies, to provide better products, with faster turnaround times, which delight our customers, thus driving higher growth levels.

Prudent risk management

All transactions facilitated by the entrepreneur through card swipe or mobile wallet or any other digital service, is taken into consideration for the underwriting process. So, higher card /digital transactions would lead to better credit limit or scorecard. Every customer has a detailed scorecard, which provides his /her credit limit details. The sanction process takes into consideration this scorecard, rather than traditional credit scores, which are almost non-existent for the target market, which we cater to. Thus, we use actual business transactions data to underwrite loans, arrive at credit limits and strengthen the risk management process.



Growing with the opportunity

The opportunity landscape for MSME lending is large and evolving continuously. It is estimated to grow at a rate of over 18% until 2022[@]. We are addressing a total market size of 120.9 Lakhs Crores of monthly transactions with both our retail finance (1.9 Lakhs Crores) and supply chain finance (119 Lakhs Crores) offerings.[^]

NeoGrowth is also expanding its presence with operations across 15 states, serving 17,000+ customers and 800+ employees.

Sources:
@Statista www.statista.com/outlook/399/100/alternative-lending/worldwide

^ Deepening of Digital Payments Report by RBI Committee

Customer Success Stories

Stories of courage and commitment

NeoGrowth has been serving India and partnering to fulfil the government's financial inclusion agenda since 2013. Interestingly, the relationships that we have nurtured over these years, have a story behind those. These are some of the stories of their struggles, their determination and the triumph of the will against all odds.

The spirit prevails

JayKishan originally hails from Rajasthan, but migrated to Mumbai, years ago, At young age, he began working at his uncle's wholesale unit. Those were the days, when JayKishan commuted on a bicycle. He encountered many challenges during his early years. After gaining deep insights into the trade, JayKishan decided to go solo.

Loan from NeoGrowth enabled me to scale my business with speed, and at the same time, provide good customer service. My customers are now my brand ambassadors.

JayKishan, Proprietor,
Balaji Steel Centre

With help from family and friends, he ventured into entrepreneurship. Today, he owns shops in the affluent locations of Borivali and Andheri, in Mumbai. JayKishan approached NeoGrowth for a working capital loan to expand his business.

The loans enabled him to invest in more inventories of the latest kitchen essentials, to delight his customers. He believes that our loans are very easy on the documentation, and enjoys our repayment terms. He recommends us to his entire network. As he expanded his business, he is now investing in training his sales team for better customer service and marketing his products and services. He is now confident to take on the e-commerce challenge head-on, with his exceptional customer service. NeoGrowth's loan helped him increase his income by 15%.

15%

Increase in income

Giving wings to dreams

This is the story of Mr. Vijay Kumar and his wife. Together they run VK Fashion, a garment shop in Hyderabad. Mr. Kumar hails from a low-income family. He spent all his early days in poverty. The limited ends led him to look after his family, since his seventh grade. While children of his age enjoy splurging out, Vijay was earning the daily bread for his family.

Years went by, and Vijay was able to complete his schooling and even graduation. By the time he graduated, young Vijay was promoted as Sales Manager at the same shop. Few years later, he decided to turn into an entrepreneur. He opened a garment shop in partnership with his friend.

However, things did not work out as planned and they had to close down. After several other stints, he finally setup VK Fashion, partnering with his soul mate. However, soon Vijay realised that his savings were not enough to grow the business and reached out to NeoGrowth for funding his ambitious dream of moving ahead in life. He discovered that obtaining the loan was very convenient, fast and easy. The entire process was handled very smoothly by the customer onboarding team.

With the loan, VK Fashion was able to add 33.3% more employees than earlier and Vijay was able to earn 25% more than earlier.

25.0%

Increase in income

33.3%

Increase in number of employees

Timely and adequate loan disbursement from NeoGrowth helped me expand my business. It enabled me to fulfill my dreams.

Vijay Kumar, Proprietor

Determined to make a difference

Thangneikim Serto is a professionally trained beautician. She always wanted to be independent and took her first job at the age of 18. She had worked before, but her belief in creating jobs, rather than doing one, led her to start her own beauty parlour. She trained many aspiring beauty and hair enthusiasts through her workshops. Her beauty salon has six hair and beauty experts trained by her.

After a year, she wanted to expand her salon and increase profits. She approached NeoGrowth for the expansion capital, leveraging the fact that around 90% of her daily transactions are digital.

I have been able to timely purchase stock because of the loan, which has made my business more efficient. I am also able to invest in my employees, I pay them an annual incentive as well as provide regular training for their professional growth.

Thangneikim Serto

90%

Business conducted digitally

10%

Increase in Income

Environmental Measures

Integrating sustainable measures for growth

Sustainability is deeply ingrained in all our strategies, because we believe long-term growth and sustainability go hand in hand. We have mapped our sustainability initiatives to the United Nation's Sustainable Development Goals (UN SDGs). We comply with the following policies in letter and spirit:

- 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

Additionally, we undertake various efforts for conserving the environment like

Afforestation

We distributed neem saplings to various NGOs, registered societies, schools and colleges in Mumbai, as part of our contribution to our associate NGO's 'Let's Green' Initiative.

We have also associated with 'Grow Tree' to send a congratulatory email and accompanying certificate of plantation to each team member on his/her birthday, making special days even more memorable.

No plastic

We have made efforts to eliminate the use of plastics across all our offices, with small steps like replacing plastic bottles and other consumables with glass jars, paper cups and wooden spoons.

CSR

Integrating the community to step up growth

Community is an important stakeholder in our journey; and we are determined to deliver in our modest way, to help elevate the lives of the people, in the communities where we operate.

Additionally, we have undertaken various initiatives on the community front during the year to enhance our social impact:

Organ donation

3 GOOD HEALTH AND WELL-BEING

We regularly conduct the organ donation awareness sessions, in association with Igift Life. These sessions emphasise the importance that a single organ donor can transform upto 10 lives. One of our team members was motivated by this, and enabled transformation of seven lives by arranging donation of one of his deceased relative's organs.

Blood donation

3 GOOD HEALTH AND WELL-BEING

We have associated with the Think Foundation and Sankalp India, to conduct bi-annual blood donation events at our metro locations. These events witness over 70% of total employees' participation to help children suffering from Thalassemia.

Cloth and material donation

10 REDUCED INEQUALITIES

Our team members regularly participate in cloth and material donation drives, which are organised in association with the NGO Goonj, under the Joy of Giving initiative. In addition, we voluntarily contributed to a Bengaluru-based NGO – Mitra Jyoti, with materials like braille press, paper binding, and the like, for the visually-impaired.

Padhega India to Badhega India

4 QUALITY EDUCATION

NeoGrowthians are encouraged to take up volunteering/teaching sessions at NGOs. We empower them with flexible work timings, enabling them a personal sense of joy and fulfilment.

Relief fund contributions and flood donation campaigns

2 ZERO HUNGER

NeoGrowthians stand by the country, in times of any natural calamities, with voluntary donations. We ads-up with an equal contribution and the amount is donated to the Chief Minister's Relief Fund as a token of our solidarity.

Initiatives during COVID-19

At NeoGrowth, we are deeply driven by the needs of the community and strive towards fulfilling these requirements. In these unprecedented times, we are together with all our stakeholders and doing everything possible, to the best of our abilities.

Food & groceries

75,000

Served across India

Ration

8,000+

Ration kits distributed

Sanitation

5,000+

Hygiene kits distributed

Health

1,000+

PPE kits and other materials for hospitals and medical practitioners

Philanthropy being deeply embedded in our DNA, we have always invested in initiatives for causes close to us and in these unprecedented times of COVID-19, we are strongly committed to extending our support to deserving charitable organisations that are working relentlessly in distributing relief to those affected in cities and towns all over India.

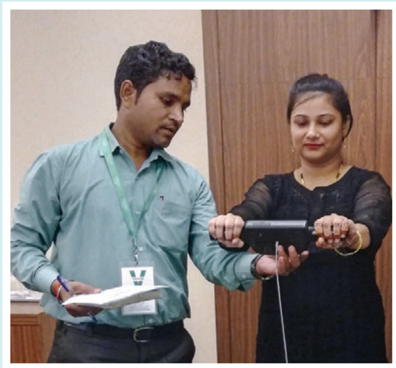
Mr. Piyush Khaitan

NGO partners for COVID-relief initiatives

We are working with various deserving NGO's to support vulnerable communities, such as migrant labourers and the under privileged.

Life at NeoGrowth

Passionate about people



Our people are our pride and brand ambassadors, and we are only as good as our go-getters. We treasure the immense contribution of our human assets, and they facilitate the social impact that we help create. We attract, develop and retain the right talent, so that they can become future leaders.

Recruitment and training

We have a zero-discrimination policy (gender, religion, caste, mother tongue, sexual orientation) for hiring and follow a tech-and-touch approach in hiring, as well.

Tech
Social media for hiring, interview over the telephone/video conferencing to save time and costs

Touch
Campus recruiting, HR Mitra

HR Mitra

To enhance candidate onboarding experience, we provide complete transparency with a unique concept – the hiring team gets in touch with the candidate periodically, to keep the engagement levels high, and the hiring cycle intact.

Our new employees are delighted with the quick turnaround time of

- 3 days for decisions on hiring
- 24 hours for getting their workstations ready
- 3 days for getting their ID card and visiting cards ready

We impart behavioural, functional and compliance trainings through classroom, video conferencing, online learning management system (LeMS) modes to all our team members. Additionally, our new joinees are formally inducted and trained on profile-based modules.

Engagement

We have been conducting Employee Satisfaction Survey (ESAT) through a neutral third-party agency, since 2016. This process enables us to improvise our engagement levels. Our 2019 scores indicate that 75% of NeoGrowthians are truly loyal, beating the industry average.

Our employee engagement initiatives are conducted across seven broad categories:

1. WeBenefit
2. WeConnect
3. WeRecognise
4. WeCelebrate
5. WeCare
6. WeLearn
7. WeGive-back

Recognition

Recognising deserving team members and rewarding them appropriately is one of the key initiatives towards effective employee engagement. We enable this initiative with various awards like value champion, employee of the month, wall of fame, ideapreneur (for best business ideas), G-20 (trip for 20 best achievers to an exotic location) and spot awards (to motivate any extra ordinary feat).

Apart from the above measures, we keep our talent pool aptly motivated by making them own the tasks, showing trust and encouraging them to take decisions independently. Additionally, we believe in retaining our employees, which leads us to walk the extra mile, with initiatives like regular connect with HR for raising any concerns, additional maternity leaves and flexible work timings for the stronger gender.

NeoGrowth also celebrates togetherness with its employees through various team outings, picnics, dinners, work anniversary mailers and cake cuttings on a host of occasions, keeping the engagement levels high.

Life @ NeoGrowth is truly a celebration, where team members bond together like a family in good times and bad, partnering in our growth journey.

Board of Directors

Mr. Dhruv K. Khaitan
Chairman & Founder

Mr. Dhruv Khaitan 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 as 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 its 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 degree from University of California, Berkley, USA and bachelor's degree in Electrical Engineering from MIT, USA, and Physics from the University of Kolkata. He is a philanthropist and along with his family, supports many cultural and spiritual organisations as well as and NGOs, across India.

Mr. Piyush K. Khaitan
MD & 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 the 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 Indian (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 honours from Mumbai University and successfully completed Small and Medium Enterprises Programme (SMEP) from IIM, Ahmedabad.

Mr. 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 has secured 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 Indian Institue of Technology (IIT).

Mr. 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 the Harvard Business School, USA.

Mr. Prashasta Seth
CEO at IIFL AMC

Mr. Prashasta Seth has over 16 years of experience in investment management, research and analytics. He has spent over eight years at the IIFL group and is currently the CEO of IIFL AMC. Additionally, he takes care of the public and private equity investments for the group. Prior to his current role, he used to manage client portfolios and pooled assets, focusing especially on developing investment strategies, generating stock ideas and creating actionable research reports. He also headed Irevna, a S&P company and has also worked at JP Morgan, London.

Mr. Prashasta has a PGDBM from IIM, Ahmedabad and a B. Tech from IIT, Kanpur.

Mr. Michael Fernandes
Partner at LeapFrog Investments

Mr. Michael Fernandes is a, co-leading the LeapFrog Investments' 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 for managing US$ 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 US$ 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.

Mr. Pranav Kumar
Associate Director at 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, leading strategy and business transformation teams for banks, insurance and NBFC projects.

Mr. Pranav is an MBA from IIM, Ahmedabad and B.Tech in Computer Science and Engineering from IIT, Bombay.

Ms. 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 three RBI Committees earlier, and also Government of India's High-Level Committee on Women in 2014-15. She has co-edited '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 has her undergraduate degree in Economics from Madras University.

Leadership Team

Mr. Arun Nayyar
Chief Executive Officer

Mr. B Ravi Kumar
Chief Financial Officer, Company Secretary and Chief Compliance Officer

Mr. Ghanshyam K. Shettigar
Senior Vice President - Treasury

Mr. Sorabh Malhotra
Senior Vice President - Collections and Credit

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

Mr. Manish Doke
Circle Business Head - 1

Mr. Manmeet Singh
Circle Business Head - 2

Mr. Yogesh Nakhwa
VP - Operations & Business Excellence

Mr. Vivek Sapre
VP - Corporate Affairs

Ms. Mansi Mittal Kumar
Director - Products

Mr. Amol Deherkar
VP - Strategy, Marketing, Analytics and New Product

Mr. Vamsikrishna Ithamraju
VP - Engineering

Mr. Argho Chatterjee
VP - Business Alliance

Awards and Accolades

- Great Place to Work, March 2020
- Best Lending Fintech at KPMG Business Today Awards, 2020
- Best Lending Tech of the Year at ET Now Awards, 2020
- Promising Brand 2019 at ET- Branding Awards, 2019
- Best Fintech SME-Connect at India Banking Reforms BFSI Awards, 2019
- Economic Times, 2019
- Best Tech Company at D&B SME Business Excellence Awards, 2019
- Most Innovative Fintech Product at ABP News BFSI Awards 2019
- 10 Most Inspiring CEOs in India by Insights Magazine, 2019
- Best Learning Strategy at 2019 Future of L&D Awards

- 10 Most Inspiring CEOs in India by Insights Magazine, 2019
- Top 10 Social Impact Companies in India by Forbes 2018
- Outstanding Financial Services at Global Economic Summit, 2018
- Top 50 Emerging Fintech Firms in the World, 2017
- Top 100 Emerging Market Inclusive Fintech by Catalyst Fund and BFA, 2017
- India's 50 Most Exciting Startups by Smart CEO Magazine, 2017
- Great HR Practices at Future of Work & Workforce Management Awards
- Awarded Best Lending Fintech at Business Today - Money Today Financial Awards 2020
- Top 100 Fintech for SDG Influencers by LATTICE80
- Awarded Emerging Startups of Alternative Lending by Tracxn Emerging Awards

Management Discussion and Analysis

A. Economic review

A1. Global

A1.1 Key global economic highlights

2019 has been a challenging year for the world economy with growth rate touching 2.9%, a decline from the 3.6% in 2018 –geopolitical tensions and supply chain disruptions hampered manufacturing and trade led to lower consumption levels and reduced business investments. The beginning of 2020, however, saw a mild improvement with receding dissent over trade between US and China, a reduced possibility of a hard Brexit, improved consumption levels and monetary measures by Central Banks.

Just when early signs of recovery began showing, the global economy went into a shock due to the unprecedented COVID-19 pandemic leading to a global shutdown, disrupting life and economic activity. The extended lockdown and its aftermath have severely impacted manufacturing and global supply chains, leading to a steep decline in growth. The International Monetary Fund (IMF) has projected global economic growth to contract sharply by -3% in 2020, which is much worse than the fallout of the 2008-09 financial crisis.

Outlook

As per the April 2020 IMF World Economic Outlook, in a baseline scenario, which assumes that the pandemic fades in the second half of 2020 and containment efforts can be gradually unwound, the global economy is projected to grow by 5.8% in 2021 as economic activity normalises, assisted by policy support. The economic fallout depends on factors that interact in ways that are hard to predict, including the pathway of the pandemic, the intensity and efficacy of containment efforts, the extent of supply disruptions, the repercussions of the dramatic tightening in global financial market conditions, shifts in spending patterns, behavioural changes (such as people avoiding shopping malls and public transportation), confidence effects and volatile commodity prices. Many countries face a multi-layered crisis comprising a health shock, domestic economic disruptions, plummeting external demand, capital flow reversals, and a collapse in commodity prices.

Table 1.1: Overview of the IMF World Economic Outlook projections

Particulars	2019	2020 (P)	2021 (P)
World Output	2.9	–3.0	5.8
Advanced Market Economies (AMEs)	1.7	–6.1	4.5
United States	2.3	–5.9	4.7
Euro Area	1.2	–7.5	4.7
Japan	0.7	–5.2	3.0
United Kingdom	1.4	–6.5	4.0
Other Advanced Economies*	1.7	–4.6	4.5
Emerging Markets and Developing Economies (EMDEs)	3.7	–1.0	6.6
India**	4.2	1.9	7.4
China	6.1	1.2	9.2
Sub-Saharan Africa	3.1	–1.6	4.1

P: Projections

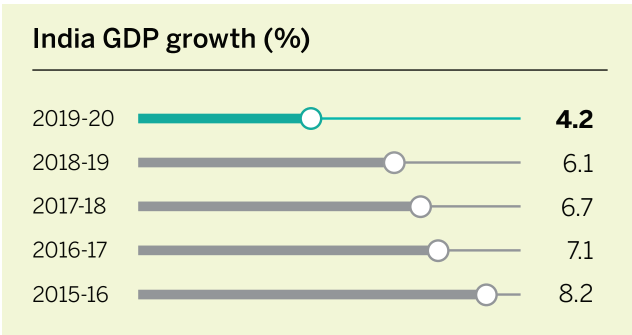
*(Excludes the G7 – Canada, France, Germany, Italy, Japan, United Kingdom, United States and euro area countries)

**Indian data is on fiscal year basis

(Source: IMF, World Economic Outlook, April 2020)

A2. India

Growth was muted in FY 2019-20 with corporate uncertainty and concerns about the health of the NBFC sector. GDP growth slipped from 6.1% in FY 2018-19 to 4.2% in FY 2019-20, owing to a cyclical slowdown. During the first nine months, the Indian economy was affected by tepid domestic consumption, decline in manufacturing, poor investment scenario, low tax revenue collections by the government, delayed bankruptcy resolutions, and rising global concerns around protectionist measures by major global economies.



(Source: CSO Provisional Estimates of GDP)

The general Consumer Price Index (CPI) touched 5.91% in March 2020, compared to 2.86% in March 2019. The inflationary trend was most witnessed in food and beverages, which increased to 7.82%, followed closely by fuel and light by 6.59%, whereas the overall CPI moved up from 135.9 in March 2019, to 147.8 in March 2020, as per the National Statistical Office April 2020 press release.

Post elections in 2019, the ruling government returned to power with a decisive mandate, paving way for continuity of policy and an impetus to progressive reforms, good governance, and competitive federalism. With a stable government back at the helm, India may continue to strengthen its position as the world's growth engine. India is witnessing a rapid economic ascent, as the geo-political and economic compass gradually shifts to Asia.

Even against an uncertain macroeconomic backdrop globally, India's influence is spreading beyond its traditional sphere in the Asia-Pacific. The country's rapid strides reflect in its improved rankings on indices such as the World Bank's Ease of Doing Business (EoDB) Index, Global Innovation Index, Global Competitiveness Index, Global Healthcare Access and Quality index and Climate Change Performance Index.

Over the last five years, various policy reforms such as Goods and Services Tax (GST), Insolvency and Bankruptcy Code (IBC), single-window clearance, digital applications and clearances, and relaxation of FDI norms, have led to an uptick in economic growth and have raised the country's rank by 65 places to achieve 77^{th} position, globally. Streamlining these policies further could further catapult India into the top 50 EoDB rankings.

India is expected to be the third-largest economy in the world by 2030, driven by favourable trends. The country's economic transformation is likely to continue to be led by a rising middle-class and rapid urbanisation, which can further fuel consumption. Although India's economy witnessed a downturn during the second half of FY 2018-19, political certainty coupled with favourable interest rates and income support to the farmers, pushed domestic capacity utilisation and private consumption.

Impact of COVID-19

The country-wide lockdown imposed on 22^{nd} March, 2020, to contain the COVID-19 pandemic led to a drastic decline of economic activity, lowered domestic and external demand as well as supply chain disruptions. With the prolonged shutdown and an uncertainty over regaining normalcy, the economy is likely to face a protracted period of slowdown in most part of FY 2019-20.

The four legs that support the growth of the Indian economy – consumption, manufacturing, exports, capital flows, have all been severely impacted. According to UNCTAD, India's trade impact due to the Coronavirus outbreak could be about US$348 Million. India is among the top 15 countries that have been seriously affected as a result of manufacturing slowdown in China. For India, the overall trade impact is estimated to be the most for the chemicals sector at US$ 129 Million, textiles and apparel at US$ 64 million, automotive sector at US$ 34 Million, electrical machinery at US$ 12 Million, leather products at US$ 13 Million, metals and metal products at US$ 27 Million and wood products and furniture at US$ 15 Million.

Outlook

The evolving situation and uncertainty of the course of the COVID-19 situation pose difficulties in assessing the economic growth of the country. While the immediate effect is negative growth, given that the Coronavirus spread is contained in the second half of 2020, economic growth would regain normalcy in the second half of FY 2020-21. Monetary measures by RBI as well as the government's announcement of a ₹20 Trillion relief package would provide the necessary fiscal stimulus for putting the economy back on track.

Disruption of global supply chains also highlighted the disadvantage of over-dependence on a single country for their manufacturing needs. India stands to benefit from this fallout, with more countries considering the relocation of their manufacturing operations from China to India, especially with the advantages like low corporate tax rate, skilled population, relatively low wages and a large domestic market tilting the balance in favour of this move.

B. Industry insight

B1. NBFC industry

NBFCs have been an integral component of the Indian lending eco-system, apart from banks – particularly over the last two decades. An increasing number of NBFCs have become systemically important through a consistent balance sheet growth over the period 2009-19 and many of them are larger in scale today as compared to the median private sector bank in India. The NBFC loan book has witnessed a growth of 17% CAGR from FY 2013-14 to FY 2018-19, amounting to ₹27.3 Trillion.

While NBFCs have witnessed a favorable operating environment since the end of the global financial crisis in 2008, they have been facing serious headwinds from September 2018, with the credit events in IL&FS and the DHFL Group. This severely impacted the financial flexibility and liquidity position of the NBFC sector at large, constraining their growth and profitability. Crisil estimates the Asset Under Management (AUM) growth for NBFCs to touch ~6-8% for FY20, which is nearly half of the 15% growth the sector recorded in the previous fiscal year. As the economy went into a slowdown mode in FY 2019-20, cracks have started to surface in their erstwhile healthy asset quality position, particularly in the wholesale and the SME segments. However, significant measures by the government and RBI such as the partial credit guarantee mechanism, relaxed securitisation, easing priority sector norms, co-generation of loans, etc. have improved access to funding of NBFCs.

Impact of COVID-19 on NBFCs

The slowdown induced by COVID-19 has further accelerated the slide in the performance of retail-focused Non-Banking Financial Companies (Retail-NBFCs), which were already facing muted demand and were dealing with emerging asset quality related concerns. We believe that the impact of COVID-19 on the overall NBFC sector will not only be limited to their liquidity position and their ability to manage debt servicing in the short term, but the prolonged lockdown will also have a longer term impact on their asset quality, business volumes and profitability levels.

Management Discussion and Analysis (contd.)

Besides, the extent of this impact will vary and depend on four factors in the near term – asset class, income source of the customer, level of field work in operations and proportion of cash collections. As the lockdown restrictions are lifted and business get back on track, government spending and pickup in economic activity would significantly impact the growth of NBFCs.

Going forward, the COVID-19 lockdown would affect NBFC growth in the following ways:

- The largest segment – home loans – will be less affected on asset quality because more than two-thirds of the borrowers are salaried, and collections are through auto-debit instructions. In contrast, affordable housing loans could witness increase in delinquencies over the medium term because of higher proportion of self-employed borrowers, whose income streams have been affected more by the lockdown.

- The second largest asset class of vehicle finance would face challenges in collections due to the restricted movement and reduced demand for goods other than essentials, as the vehicle finance segment has strong correlation with pickup in economic activity.

- In terms of the MSME sector, the lockdown is expected to have a high impact on collections as most establishments have faced significant disruption in business. The impact on their cash flows could remain high even as many of them may grapple not just with how economic activity picks up, but also with business specific supply chain issues, impacted cash inflows and existing debt burden.

- In the unsecured segment (personal loans and consumer durables), while there will be pressure on asset quality, the near-term impact on collections is not expected to be very high as a good proportion of borrowers are in the salaried segment. However, over the medium-term, uncertainty over economic revival could have a domino effect on jobs in both the blue-collared segment as well as the informal/cash salaried segment. In addition, the self-employed segment remains vulnerable. Hence, delinquencies could continue to rise over the medium-term in this segment.

- The microfinance segment will be the most impacted due to the extended lockdown because the business model involves extensive field visits to households. More importantly, microfinance institutions (MFIs) deal with the under-banked and un-banked citizens, who typically have weak credit profiles, and their income-generation activities would have been largely disrupted.

B1.2 MSME segment

The Micro, Small and Medium Enterprise (MSME) sector forms the backbone of the Indian economy and is key to its growth. Around 63 Million MSMEs contribute to about a third of the GDP and 45% of the manufacturing output of the country. These companies also provide employment to more than 120 Million Indians.

The total on-balance sheet commercial lending exposure in India stands at ₹64.5 Trillion as of January 2020. Of this, the MSME Segment is at ₹17.9 Trillion. Despite the significant contribution of MSMEs to the GDP and their ability to generate significant employment, loans to this segment have grown at a sluggish pace over the past few years, which is why there exists a significant gap in addressable debt demand.

According to the International Finance Corporation (IFC), the addressable credit gap for MSMEs in India stands as high as ₹25.8 Trillion.

(₹ in Trillion)

Analysis of credit gap in the MSME space	Micro enterprises	Small enterprises	Medium enterprises	Total
Debt Demand	11.9	21.65	3.2	36.7
Share of debt supply	3.9	4.8	2.2	10.9
Credit gap	8	16.8	1	25.8

(Source: International Finance Corporation, November 2018)

Banks are hesitant to lend to MSMEs due to unorganised data maintained by small businesses, which poses difficulty in assessing their creditworthiness. Moreover, factors like time-consuming loan processing/approval, complicated documentation processes, and a lack of transparency/ flexibility regarding loan amounts and repayments make it challenging for MSMEs to access credit from traditional lending institutions.

To bridge the massive credit gap, Fintech lenders with technologies like Artificial Intelligence (AI), Machine Learning (ML), and data analytics are resolving pain points for MSME lending by providing digital-first service offerings by facilitating efficient service delivery, better risk management, and seamless lending operations. The government has been proactive and supportive of the Fintech sector to drive growth by launching several schemes like GST, Aadhar KYC, Digital e-Nach, NBFC-Account Aggregators etc. Market research estimates that the MSME-focused digital lending would touch US100 Billion by 2023.

C. Review of the businesses

C1. Operational performance

C1.1 Business overview

Despite sluggish growth, 2019 ushered in positive regulations and directives for the new age digital lenders and the entire financial services and payments industry. Aiming towards a cashless economy, there has been a continuous thrust by the government on accelerating adoption of low-cost digital payments by merchants and consumers. Besides, the government's focus on increasing MSME contribution to India's GDP from the present 30% to 50%, augurs well for us.

A challenging economic scenario notwithstanding, our Company has continued to grow at a healthy disbursal rate, with our AUM scaling up from ₹48 Crore (US$ 6 Mn) in FY 2014-15 to ₹1,340 Crore (US$ 179 Mn) in FY 2019-20. This growth emanates from our continued focus on the target segment, deepening relationships with our customers and our pan-India presence across 35 branches in 15 states.

Our performance stands testimony to our long-standing relationship with channel partners, alliances with financial and strategic business partners, which has helped us deliver a superior and rewarding experience for our customers. We have remained focused on maintaining a deep local connect with market and customers. In continuation with our strategy of 'Deeper, Wider and Newer', we have focused on 'deepening' our reach in existing cities through our core retail lending product offering to the unserved and underbanked MSMEs, by leveraging digital payments data. By 'Wider', we imply the expansion of our presence in newer markets by opening branches in 8 new Tier-II cities and opening 5 more branches in existing Tier-I cities. By 'Newer' approach, we have strengthened our offerings by launching a new product, namely Purchase Finance. With Purchase Finance and Vendor Finance, NeoGrowth now caters to the supply chain needs of small and medium businesses. During FY2019-20, we also introduced a low-ticket size and faster variant of NeoCash Retail called NeoCash Express. Our Tech & Touch model, along with our customer-centric business philosophy, has helped us emerge as a market leader, touching customers across all industry segments.

We have continued to focus on customer delight and achieved a healthy renewal rate of ~60%, demonstrating high customer satisfaction. NeoGrowth has a highly granular loan book by virtue of its low-ticket size disbursements across 17,000+ live customers. We are constantly leveraging our technology and analytics platform for automated underwriting, customer profile selection and devising a strong collections strategy. Presently, NeoGrowth operates in 15 states, where we will continue to expand and aim to build a billion-dollar balance sheet in the next 4 years, while maintaining our growth strategies. Lastly, our financing not only helps our customers grow, but also drives financial inclusion, thereby making a positive social impact. We have always focused on creating a strong positive social impact on MSMEs by lending to first-generation entrepreneurs, assisting women entrepreneurs, enabling our customers in job creation and in the improvement of credit scores via our loans.

C2. Financial Performance

Overview of the performance

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

Profit and Loss summary

(₹ in Crore)

Particular	FY 2019-20	FY 2018-19	Change	% Change
Revenue from Operations	359.3	298.5	60.8	20.4%
Other Income	8.5	3.7	4.8	129.7%
Total Revenue	367.8	302.1	65.7	21.7%
Finance Cost	113.2	96.4	16.8	17.4%
Net Interest Income	254.6	205.7	48.9	23.8%
Operational Expenses	149.8	150.6	(0.8)	(0.5%)
Impairment on Financial Instruments	99.3	87.3	12.0	13.7%
Profit Before Tax	5.4	(32.2)	37.6	116.8%
Tax	8.4	(10.5)	18.9	180.0%
Profit After Tax	(3.0)	(21.7)	18.7	86.0%

Key ratios

Particular	FY 2019-20	FY 2018-19
Debt/Equity	2.81	2.04
Capital Adequacy	26.28%	29.72%
Operating Cost/NIM	58.84%	73.24%

C.3 Risk management

Risk management and portfolio quality

Industry trends in Commercial Lending

As of December 19, the total on-balance sheet Commercial Lending exposure in India stood at ₹64.45 Lakh Crore with the Micro and SME segments constituting ₹17.75 Lakh Crore exposure (~25% of commercial credit outstanding).

Micro Loans (credit exposures less than ₹1 Crore) and SME Loans (Credit exposures ₹1 Crore – ₹25 Crore) have shown degrowth on YOY basis, whereas there is 6.3% of YOY growth in large (> ₹50 Crore) segment.

Management Discussion and Analysis (contd.)

Balance Sheet commercial credit exposure

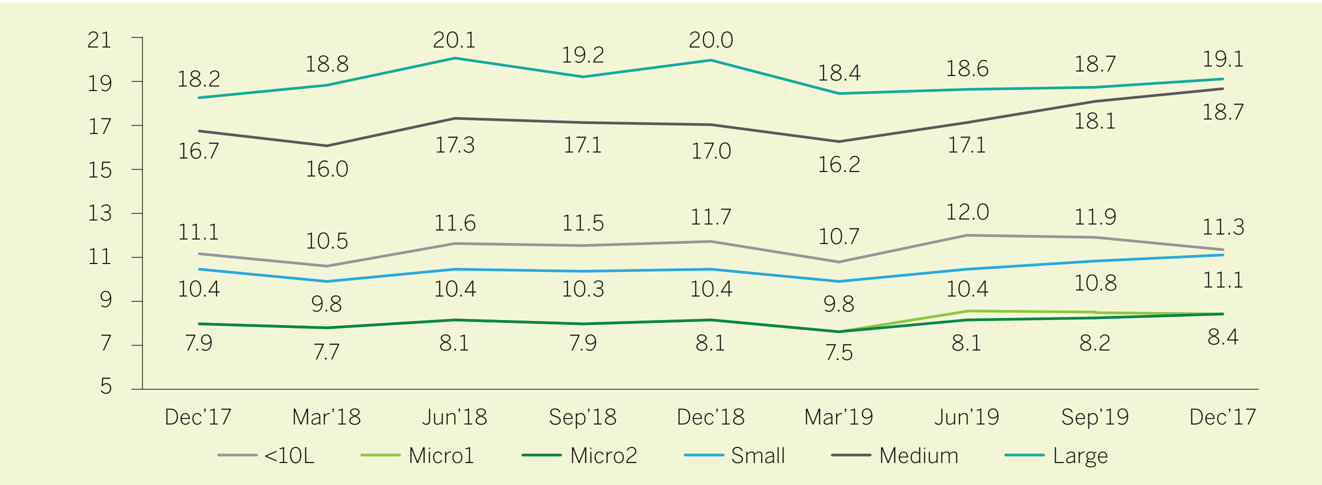
(in ₹ Lakh Crore)

Partial list of lenders	Very Small <₹10 Lakh	Micro 1 ₹10-50 Lakh	Micro 2 ₹50 Lakh-1 Crore	Small ₹1 Crore-15 Crore	Medium ₹15 Crore-50 Crore	Large >₹50 Crore	Overall
Dec'17	0.75	1.85	1.26	7.67	4.32	37.16	53.01
Mar'18	0.83	1.97	1.35	8.27	4.56	40.61	57.60
Jun'18	0.84	2.00	1.37	8.39	4.58	39.27	56.45
Sep'18	0.84	2.05	1.41	8.54	4.65	42.68	60.17
Dec'18	0.89	2.20	1.50	8.91	4.79	43.35	61.63
Mar'19	0.92	2.26	1.55	9.16	4.95	46.00	64.85
Jun'19	0.89	2.22	1.52	9.04	4.82	46.30	64.80
Sep'19	0.89	2.23	1.52	8.93	4.74	46.74	65.04
Dec'19	0.93	2.15	1.44	8.74	4.68	46.10	64.04
Y-o-Y growth	4.7%	-2.2%	-3.6%	-1.9%	-2.2%	6.3%	3.9%
Jan'20	0.88	2.17	1.46	8.72	4.51	46.72	64.45

Source: CIBIL MSME Pulse Report

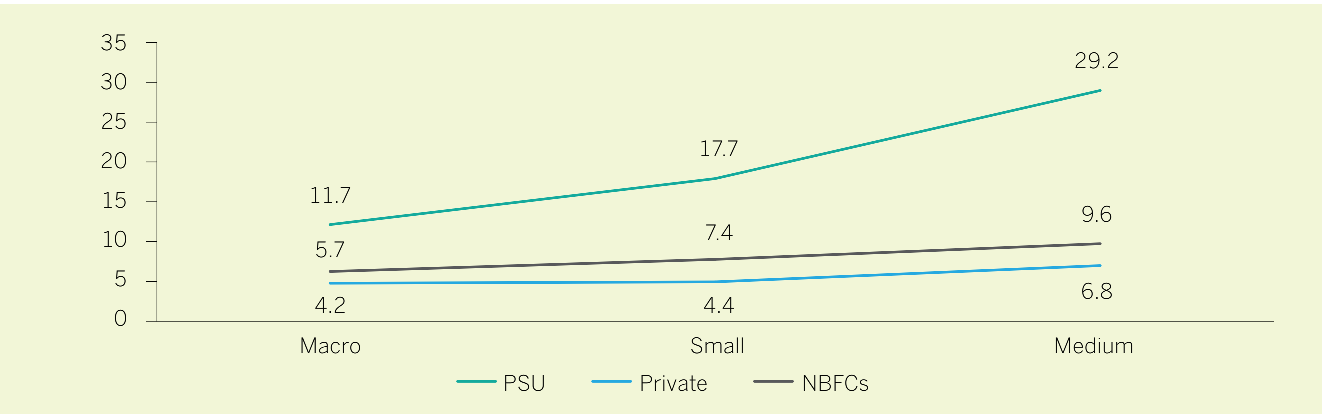
The overall NPA rates for commercial lending was at 17.3% as on December 2019. Within the segment, NPA rates are higher for large ticket size loans as compared to Micro, Small or Medium ticket size loans. There is overall increase in NPA trend in Medium and Large size loans, Micro and Small ticket size loan's NPA rates are stable.

Segment-wise NPA rate (%)



Source: CIBIL MSME Pulse Report

NPA-rates of lender types across MSME segments (%)



Source: CIBIL MSME Pulse Report

COVID-19 impact

The outbreak of the COVID-19 pandemic has contributed to a significant decline in Indian credit markets. The GDP growth of India has been predicted to be under sub 1% for fiscal year FY 2020-21. The Reserve Bank of India has issued guidelines related to the COVID-19 regulatory package dated 27th March 2020 and 22nd May 2020, allowed a moratorium (at the discretion of lenders), on the payment of all instalments and/or interest, falling due between 1st March 2020 and 31st August 2020. In accordance with that, NeoGrowth has formulated a Customer outreach scheme and branded it 'Sanjivni', to help borrowers sail through this difficult period.

Portfolio quality

NeoGrowth portfolio was trending with robust performance till February 2020. There was a clear trend w.r.t. improvement in delinquency rates in FY 2019-20 for the period till February 2020.

Given that a large proportion of the NeoGrowth portfolio is on daily repayment frequency and to retailers, the March 2020 lockdown announcement did lead to impact on early bucket delinquency and collections resolution performance.

We continue to aggressively monitor our portfolio, quickly analyse the causality and implement interventions with agility, whether it is vide customer engagement initiatives, offering and executing customer solutions vide 'Sanjivni', strengthening our customer service as well as collections framework. All of this, along with relevant changes to policies, processes, system design and technology have helped the portfolio perform well consistently.

Although there is increased risk in the environment, we believe that the above actions should significantly enable NeoGrowth to mitigate this risk.

Risk management

Risk management is an integral part of the Company's business strategy. The risk management philosophy at NeoGrowth hinges on maximising risk adjusted returns i.e. optimising risk relative to the enterprise revenue streams and targeted profitability.

Our Risk Management Framework is based on the following key pillars:

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

Each of the above pillars are supported by predictive and prescriptive analytics, resulting in sharper customer selection, deep understanding of customer behaviour and focused collection strategies.

In addition, we believe in nimbleness and agility in implementing relevant risk solution basis the emerging scenarios.

C.4 Asset liability management

The Company has a strong borrowing profile, comprising a mix of domestic and overseas institutions.

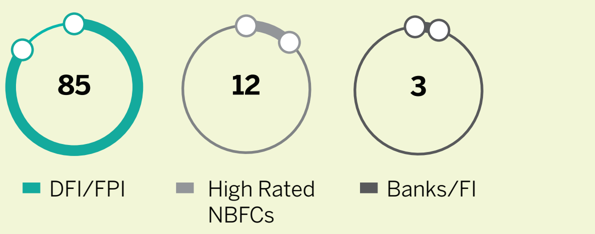
Partial list of lenders		Country	Instrument	Tenor	Sanctioned exposure (₹ Crore)
DFI					
FMO		Netherlands	NCD	4 yrs	125
Proparco (Subsidiary of AFD, France)		France	ECB	5 yrs	119
Small Industries Development Bank of India (SIDBI)		India	TL	2 yrs	10
FPI					
Blue Orchard	[Three Tranches]	Switzerland	NCD	3-5 yrs	196
ResponsAbility	[Three Tranches]	Switzerland	NCD	3-5 yrs	170
Symbiotics	[Three Tranches]	Switzerland	NCD	3-4 yrs	137
MicroVest		USA	ECB	3 yrs	42
Developing World Markets – DWM (ACTIAM)		USA (Netherlands)	ECB	3 yrs	33
Triodos		Netherlands	NCD	6 yrs	31
Triple Jump		Netherlands	NCD	6 yrs	31

Management Discussion and Analysis (contd.)

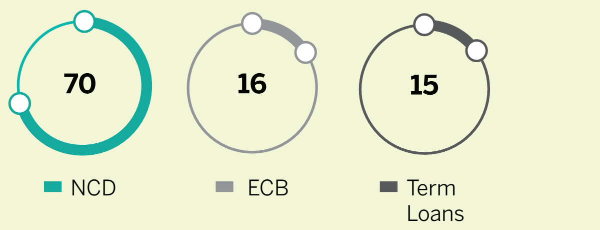
Partial list of lenders	Country	Instrument	Tenor	Sanctioned exposure (₹ Crore)
Domestic institutions				
RBL Bank (USIDFC Guarantee backed)	India (USA)	TL	5 yrs	32
RBL Bank	India	WCDL/CC	-	15
Nabkisan Finance (NABARD Subsidiary)	India	TL	3 yrs	20
OIKO (Maanaveeya) [Two Tranches]	India	TL	2 yrs	21
Others	India	TL	2 yrs	115.0

Borrowing mix has diversified, with addition of External Commercial Borrowings (ECB) transactions concluded during the year

By investor type (%)



By instrument type (%)



ALM and liquidity position

The Company has 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 the Company may be exposed
- Identification of risk mitigation strategies to be adopted
- Establishing guidelines to meet various applicable regulatory rules and statutes

While the overall ALCO Management at the Board level is entrusted with the Audit Committee members of the Board, at the strategic policy level, the Balance Sheet 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 the Company's 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), the Company's ALM remains robust and cumulative positive even in case of 50% stress on inflows upto one year.

The Company has a strong business model built on prudent fundamentals and astute borrowing policy of not carrying any negative ALM gaps, and ability to withstand stress. Even during the current scenario of of extending Moratorium to borrowers under COVID-19, the company has been able to maintain positive cumulative gap in the ALM.

In the current year, the Company has diversified the sources of borrowing by borrowing through ECB loans and making necessary hedging arrangement with banks. This has opened up new vista for raising funds internationally and will help in raising funds at competitive rates.

At the same time, the Company has always maintained prudent liquidity buffers under the guidance of the ALCO Committee, in the form of investments in liquid and overnight scheme of mutual funds and bank fixed deposits. As on 31st March, 2020, the unencumbered liquidity on the balance sheet was at ₹165 Crore. The liquidity position is sufficient to cover debt repayments and operating expenses on an ongoing basis and has been further augmented to ₹180 Crore as on 31st May 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 creates a bespoke offering in terms of loan amount, tenure and pricing. In addition, NeoGrowth has developed APIs into other permission based rich data sources like the credit bureaus, GST data, Merchant acquiring data bases etc. Our platform analyses data from these sources on an ongoing basis, 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 NeoGrowth 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 due to the Advance Suite, our proprietary Loan Origination System (LOS) and Loan Management System (LMS), which is purpose built for NeoCash, our unique loan product.

Digital assets at NeoGrowth

A. Sales App – features and benefits

NeoGrowth has 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
- 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 see 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

B. Younite portal for Direct Selling Agents (DSA)

NeoGrowth has 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
- Presently, DSA portal is in pilot stage

C. Alliances portal

NeoGrowth has also built an online portal for managing its network of alliance partners. The major features and benefits of Alliances portal includes the below:

- 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 & monitoring
- Live partners integrated with Alliance Portal – Paisabazaar, Myloancare

Management Discussion and Analysis (contd.)

D. **Merchant portal**

NeoGrowth has a portal exclusively designed for its customers, where the merchants can login and get all the loan related information and raise queries. The key benefits are given below:

- Customer logins to the portal to access his account
- Features – Loan Statement, Interest Certificate, Repayment Schedule
- Customer can make payments and raise any query for support or complaint

E. **AdvanceSuite**

AdvanceSuite (AS) is a 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 outlined below:

- 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

AdvanceSuite 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 macroeconomic scenario.

F. **PayLater Loan Management System (PLMS)**

PLMS is a loan management system for the limit based product at NeoGrowth. PLMS helps to keep a complete track of the entire limit account life-cycle from activation to closure. The key features are outlined below:

- Enables tracking of limit account and its usage
- Process limit drawdown on customer's request via the Merchant Portal
- Bill generation on month end and repository of all bills generated during the account life-cycle
- Repayments and allocation as per asset classification rules
- Ensures secured storage of customer information
- PLMS is also integrated with our Data Warehouse to provide data for analysis

G. **SuiteCRM**

SuiteCRM is a software used for customer relationship management. The key features are outlined below:

- Records all interactions with potential customers from a sales aspect and existing customer from a servicing aspect
- Has a robust helpdesk/ticketing functionality with configurable SLAs for various categories, escalation matrices and communication triggers
- Ensures that customer queries and complaints are closed in an appropriate time with a satisfactory resolution
- Integrated with AdvanceSuite, our LMS, which enables it to show statuses of all leads in the Sales App, Alliance Portal and Younite Portal
- Also integrated with PLMS to fetch bill details and payment status of an account
- Acts as bridge for all leads coming to the NeoGrowth ecosystem and all its systems, such as the Sales App and the Partner Portals

H. **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 money being deposited in NeoGrowth's bank account
- 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 Datawarehouse for further analytics.

I. **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 strength and weakness for creditworthiness.

Analytics:

Culturally, we are moving towards a Data driven decision-making organisation. The approach is to use Analytics as a tool to address problems across all functions in Neo-growth.

It is helping business acquire and underwrite customers, drive collections, manage performance, in risk management and Customer Value Management.

Some of the solutions developed and deployed are

- Behavioural Scorecard – This scorecard is used to offer pre-approved enhanced limit to customers. It is also used as an early warning and risk estimation tool.
- Collection Calling Optimisation Strategy
- Renewal Propensity Scorecard
- Collection Recovery Prioritisation
- Datamart and customer health reports

Latest tools like Python, R , Altair and techniques like SVM, GBM, Random Forest, Logistic Regression are used by the team for analysis and building models.

The below will be covered in Directors' Report on Page 38.

E. Human resources

We consider our employees to be our greatest asset and actively support their continuous development. We have created an environment where our people are respected in their individual capacities and treated as equals irrespective of their designation.

We change our strategies based on the evolving preferences of our customers. Keeping pace with these changes, and offering a wide variety of products to suit customer needs is possible due to our experienced management team, along with a highly motivated and well-trained work force This has strengthened our customer-centric culture and operational performance, thereby helping us retain and enhance our long-term competitiveness.

Detailed information provided in Directors' Report

F. Governance

Governance forms an important part of our business, that provides solutions to protect our company and enables it to run the business smoothly in a complex, uncertain business environment. Through our focussed efforts, we have formed strategic partnerships in terms of claims, legislative changes, combatting unfair competition, business integrity and governance.

Detailed information provided in Directors' Report

G. Internal controls

During the course of our business, we use complex accounting processes and generate large amounts of operational data, We have in place Internal Control Systems and a structured audit process that helps in safeguarding the assets of the organisation and ensuring their reliability and accuracy. The internal audit department reports to the Audit Committee of the Board of Directors.

Detailed information provided in Director's report

H. Compliance

The NBFC industry continues to be disrupted with newer technologies and ever-evolving consumer preferences. Therefore, the need to have a framework around data security and privacy has become important. We ensure we have a robust framework that safeguards the privacy of our stakeholders with high standards in legal and security functions. Embracing new technologies to bring in efficiency in its functioning has provided support to the Company's growth plan.

Detailed information provided in Director's report

Directors' Report

To
All Members,

Your Directors take the pleasure of presenting the Eight Annual Report of your Company with the Audited Financial Statements for the financial year ended 31st March 2020.

Economic environment:

The dynamic and vibrant MSME sector continues to be the target segment for this sector covering almost 63 Million MSMEs across the country and a significant number of these MSMEs continue to remain underserved or unserved by the conventional and traditional banking sector.

In the wider context of the Indian economy, the government continued to take measures in making the GST laws and procedures more industry friendly, to bring in fundamental changes in the way the business is run to ensure formalisation of the economy.

Your Company made sure to adopt a cautiously optimistic and calibrated growth strategy to ensure the asset quality is maintained while focusing on growth.

While the economy was chugging along without any major upheavels during most part of the financial year, the last fortnight of the year had a major shock due to the Covid 19 pandemic and the resultant lockdown across the nation announced by the Government. This resulted as a major setback during March 2020 and necessitated a relook at the asset portfolio due to this blackswan event.

Earlier during the year, the Indian financial services sector underwent turbulent times as some of the players in the financial service sector came under severe liquidity stress and defaulted on the debt repayments. This resulted in the lenders becoming risk averse and created a liquidity scare and assets liability mismatch in some of the major financial institutions.

Your Company fortunately has no such asset-liability mismatches and due to its cautious and conservative risk management and a calibrated growth approach, could manage growth as well as ensure sufficient liquidity. 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.

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

1. Operational Highlights

During the year 2019-20, your Company achieved disbursements of ₹1,442 Crore. Assets Under Management (AUM) grew by 27%, year on year to ₹1,340 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

Ministry of Corporate Affairs (MCA) vide its notification dated 30th March 2016, mandated, Non-Banking Financial Companies (NBFCs) having net worth of ₹500 Crore or more to comply with the Indian Accounting Standards (Ind AS) in preparation of their financial statements and quarterly financial results for the accounting periods beginning on or after 1st April 2018 with effective transition date of 1st April 2017.

Accordingly, the financial statements of the Company for the year ended 31st March 2020, 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 corresponding figures for the year ended 31st March 2019 and opening Balance Sheet as on 1st April 2018, have been recast as per Ind AS and revised Schedule III to the Act.

The summarised financial results of the Company for the year ended 31st March 2020 compared with the previous financial year are as below:

Particulars	2019-20 (₹ in Lakh)	2018-19 (₹ in Lakh)
Revenue from Operations	35,932	29,848
Other Income	845	366
Total Income	**36,777**	**30,214**
(Less) Finance costs	11,320	9,642
(Less) Operational Costs	13,980	14,090
(Less) Loan losses and provisions*	9,935	8,731
(Less) Depreciation and amortization	1,005	975
Profit/(Loss) Before Tax	538	**(3,226)**
(Less) Tax Expenses	(841)	1,054
Net Profit/(Loss)	**(303)**	**2,171**

- Previous numbers are based on Ind AS Financial statements.
- *Including loan losses for COVID -19 impact as Management Overlay of ₹1,582 Lakh

Particulars	As on 31st March 2020	As on 31st March 31, 2019
Net-worth (₹in Lakh)	38,301	38,445
Debt/Equity Ratio (%)	2.81	2.04
Capital Adequacy Ratio (%)	26.28%	29.72%

Previous Year numbers are recast as per Ind AS Financial statements.

Net-Worth 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 maintaining 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 asset quality risk management framework.

3. Amount carried to Statutory Reserves

Based on the financial results of the Company for the financial year 2019-20, 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.

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 2020, 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 a healthy 26.28% in FY 2019-20 and 29.72% in FY 2018-19 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 the 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 Total External Debt/Net worth). The Company raised fresh borrowings of ₹523.65 Crore during FY 2019-20, with a weighted average maturity of over 35 months, while the average maturity of fresh disbursements was at 19.73 months. This positive maturity gap has helped to keep the ALM across all time buckets positive and been proven and tested during trying times in the last few years.

(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 by the NBFC sector crisis and also during the COVID-19 crisis period.

(iii) As a prudent practice and recognising the risks of the business segment, it operates in, the Company aims to operate with lower than market average levels of gearing on an ongoing basis. The gearing levels were relatively conservative at 2.81 times as on 31st March 2020 (2.04 times as on 31st March 2019).

11. Debt Sourcing and Credit Rating

During the year, your Company raised fresh external debt of ₹523.65 Crore from various Financial Institutions in India and overseas. Out of this, ₹215.3 Crore was through issuances of Non-Convertible Debentures (NCDs) to various overseas lenders and ₹138.0 Crore through term loans from domestic financial institutions. In the current year, the Company has diversified the sources of borrowing by borrowing ₹161.4 Crore through ECB loans from overseas institutions and making necessary hedging arrangement with domestic banks in India. This has opened up new vista for raising funds internationally and will help in raising funds at competitive rates

The Company has a Cash credit facility of ₹10 Crore as on 31st March 2020 (of which ₹ 1.1 Crore was unutilised on that date). Repayments of loans of ₹241.8 Crore, were made during the year. The outstanding debt portfolio was at ₹1,076.20 Crore as on 31st March 2020 (₹785.97 Crore as on 31st March 2019).

During the year, the marginal borrowing cost remained relatively stable, despite the relatively tight liquidity conditions in the domestic market (due to risk aversion by domestic lending institutions). The company endeavors 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/ Stable', CARE Ratings – 'CARE BBB+/Stable' and India Ratings (a Fitch Ratings associate company) '[Ind] BBB/Stable'. The ratings have now been reaffirmed at BBB+ by CARE (for last two years) and BBB by ICRA (for last three years) – the ratings carry a Stable Outlook.

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 2019-20. 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, being a systemically important non-deposit taking NBFC, 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: www.neogrowth.in/fair-practice-code

15. Company Policies

a) Policy on Interest Rate

Reserve Bank of India has directed that the Board of each NBFC shall approve an Interest rate model for the Company, taking in to account relevant factors such as cost of funds, margin and risk premium etc. and determine the rate of interest to be charged for loans and advances. The Interest rate model is also required to be made available on the website of the Company so as to enable the customers to understand the logic and methodology of the lending rates charged to them. In compliance with the said RBI directives, the interest rate model for the Company has been uploaded in the Company's website.

The policy was approved by the Board of Directors and made effective from April 2019.

b) Policy on Remuneration

This Policy on Remuneration was prepared pursuant to Non-Banking Financial Company –Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, Annex XIII and any other applicable provisions (including any statutory modifications or re-enactments thereof, for the time being in force)

The policy was approved by the Board of Directors and made effective from April 2019.

c) Policy on Grievance Redressal

As a Customer focused organisation, our Company has adopted comprehensive Grievance Redressal Policy for addressing Customer grievances in an effective manner.

With an objective to serve the Customers better, it is intended to put in place an organisation-wide principle of 'Treating Customers Fairly (TCF)'. To achieve our TCF goal, our management philosophy, processes and systems should be developed in a manner that:

- Our customers can be confident that they are dealing with a Company where the fair treatment of its customers is central to its corporate culture.
- Our products and services are designed to meet the needs of identified consumer groups and are targeted accordingly.
- Our customers are provided with clear information and are kept appropriately informed before, during and after the point of transaction.
- Our customers receive advice from the Company and its representatives, which is appropriate for them and takes into account their circumstances.
- Our products perform as the Company led its customers to expect and its customer service is both of an acceptable standard and also as its customers have been led to expect.

The policy was approved by the Board of Directors and made effective from April 2019.

d) Policy on Foreign Exchange Risk Management

This policy protects the cash flows and shareholder value, by managing the risk associated with foreign currency exchange rate and related interest rate fluctuation of the foreign currency facilities.

The policy was approved by the Board of Directors and made effective from September 2019.

16. A. Human capital

Being a people focused organisation, your Company is consistently looking for opportunities to enrich their experience in the organisation, offering opportunities to employees with challenges and matching rewards, adding value to themselves. and people remain the most important asset for us.

The employee strength of your Company increased from 480 at the end of March 2019 to 817 at the end of March 2020. There is a constant endeavour to ensure we onboard right talent in line with our organisation values and adequate capacity development is enabled so that right organisation capabilities are in place. Furthermore, emphasis is given to substantial employee engagement to keep them highly motivated at work.

During the FY 19-20, your Company has taken up a multitude of initiatives to this end including launch of Value Champion awards, structured outreach to new joinees during initial six months, regular outreach to branch employees. This has resulted in significant improvement in Employee Satisfaction scores basis a neutral third party (Kantar IMRB) conducted Employee Survey. The score increased to 75% in FY 2019-20 cycle compared to 67% in FY 2018-19. We are pleased to inform you, these employee engagement initiatives have enabled your Company to get the prestigious Great Place to Work Certificate. Additionally, we are glad to mention that our Human Resource practice has won prestigious awards of 'Great HR Practices' and 'Great HR Innovation' at Future of Work & Workforce Management Summit & Awards, Institute of HRD, 2019.

Your Company follows a robust and fair performance assessment based on the Balanced Score Card to align the Company's strategic objectives with individual goals. This high focus on employee engagement and productivity ensures a performance driven culture with a highly motivated manpower.

a. Learning and Development initiatives

Under Neo Learn, your Company has significant in-house Training and Development capabilities. It follows a robust and mandatory compliance training rigor. Your Company has devised a multitude of training programmes in the areas of functional skills development, soft skill development and behavioural trainings along with supervisory skill enhancement and team bonding. The training infrastructure is highly scalable with around 40 training modules available online through LeMS (Learning Management System), which has made

Learning and Development on the go and user friendly. To help our employees up-to-date with latest action and trends in the market, we encourage and sponsor our employees and leadership team to participate in industry body seminars, work-shops and conferences.

b. People connect initiatives:

Your Company, in line with organisations' fair and open communication philosophy, under Neo Connect has several effective communication platforms including Quarterly webinar with CEO and Mini-townhall sessions by Top Management. Under Neo Celebrate, various employee delight initiatives are undertaken. Initiatives like Quarterly Team outings, Fun Friday and Employee Picnics during monsoon, continue to get conducted along with celebrating key festivals, employee work anniversary mailer, tree plantation on occasions of employee birthday etc. Each year, through a photo contest, we select top 12 photographs taken by our employees and have our 'in-house' annual calendar printed and distributed. Under Neo Recognize, separate recognition programmes for mid management and individual contributors get administered including Employee of the Month, Wall of Fame, Spot Awards etc. A surprise gift to all women employees on Women's Day resonated very positively amongst the women colleagues.

c. NeoCare healthcare initiatives:

Under Neo Care, your Company has taken initiatives to promote employee health and safety. Initiatives like Company sponsored Annual Health Check-up for mid management and above, meditation and chair yoga are promoted to encourage well-being, reduce stress and create positivity at the work place. Health Checkup camps across locations and expert talk on Diet & Nutrition, self-defense workshops for women employees are conducted to promote healthy employee lifestyle and increase employee morale. Under Neo Give-back, we have Cardio-Pulmonary Resuscitation – Automated External Defibrillator (CPR – AED) devices installed with suitable training to CPR marshals at both the Corporate Offices. We conduct blood donation camps, plant donation, old clothes donation initiatives from time to time. With books donated by employees, we have started an in-house employee library, which has some of the best-seller management and self-development titles.

B. Employee benefits:

i) Maternity Leave Policy:

The policy was effective from 1st April 2017, the maternity Leave shall be availed by female employees as per the provisions of Maternity Benefit Act 1961. The Company gives 26 weeks maternity leave and post-maternity leave extended maternity benefits upto 24 weeks (over and above 26 weeks) to working women.

ii) Paternity Leave and Bereavement Leave:

The Company introduces Paternity Leave and Bereavement leave effective from 2nd January 2019. These are of three days, which can be availed over and above the Paid Leave.

Additionally, policies like Salary payment 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 in employees life such as child birth, marriage), options of VPF and NPS for financial planning, ensure we stay up the curve and amongst the best-in-class in employee engagement.

17. 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 are affected by COVID-19.

18. Customer Service/Retention measures

Positive Customer experience continues to be a major focus area for the Company. Even in the COVID-19 lockdown scenario, we at NeoGrowth have taken immediate steps to get in touch with our customer base thru our Sales force and have engaged with them to understand their business impact and their repayment challenges. There are various customer connect initiatives taken up to understand the customer needs and people at senior and middle level of management have connected with the customers. The digital roadmap for operational process to improve the turnaround time for disbursal and preand post disbursal customer facing processes are being digitalised and technology enabled to achieve the set goal of improving the customer experience.

19. 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 to withstand the shock and has taken actions which protected the Company with enough liquidity and asset protection measures mitigating the risk substantially.

20. 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 and monitoring its effective implementation.

The Company's internal control systems are continuously reviewed and upgraded , commensurate with the nature and 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 and controls are tested for their robustness, inorder to further strengthen them, where required.

21. 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.

22. 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.

23. A) Change in Directors

a) Mr. Mahesh Krishnamurthy representative of ON was appointed as Director w.e.f. 1st April 2019

b) Mr. B. S. Nagesh Non-Executive Director categorised as Independent Director resigned from the Board w.e.f. 19th April 2019. The Board appreciates his excellent support and contribution to the growth of the Company, during his tenure

c) Ms. Smita Aggarwal was appointed as Non-Executive Director categorised as Independent Director w.e.f. 7th May 2019.

d) Ms. Smita Aggarwal Non- Executive Director, categorised as Independent Director, resigned from the Board w.e.f. 8th August 2019.

e) Ms. Bindu Ananth was appointed as Additional Director categorised as Independent Director, w.e.f 10th October 2019.

The remuneration of Executive Director is 9.71 times to the median employees' remuneration.

B) Meeting of the Board

During the financial year 2018-19, the Board duly met 17 times on:

18th April 2019	6th September 2019	12th December 2019
07th May 2019	13th September 2019	23rd January 2020
25th June 2019	27th September 2019	14th February 2020
15th July 2019	10th October 2019	26th February 2020
31st July 2019	28th November 2019	18th March 2020
8th August 2019	4th December 2019	

24. 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 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 are 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.

25. 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.

26. 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 ₹9.40 Lakh.

27. Details of employees and Employee Stock Option Plan (ESOP)

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.

28. Disclosure under Sexual Harassment of Women At workplace (Prevention, Prohibition and Redressal) Act, 2013.

Your Company has made sure the work place is safe and harassment-free for every women working in Company's premises through various interventions 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.

29. 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 five years commencing from the conclusion of 24th Annual General Meeting held on 18th August, 2017, until the conclusion of the 29th Annual General Meeting (from FY 2017-18 to FY 2021-22), subject to ratification and confirmation by the shareholders on an annual basis based on the recommendation received by the Board of Directors of the Company, as prescribed under section 139 of the Companies Act, 2013.

The Statutory Auditor's Report on the financial statements for the financial year 2018-19 does not contain any qualification, reservation or adverse remark.

30. 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.

31. Secretarial Audit

Sachin Dedhia & Associates, Practicing Company Secretary was appointed to conduct the Secretarial audit of the Company for the FY 2018-19, 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.

32. Acknowledgment

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 employees 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

Dhruv Kumar Khaitan
Chairman
(DIN: 00002584)

Address: 503, Tower 2B,
One Indiabulls Centre,
S. B. Marg, Mumbai - 400013

Place: Mumbai
Date: 30th June 2020

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	₹13,41,648 Shared services cost recovered from Dilta.
Date(s) of approval by the Board, if any	19th October 2015
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 2018

Employee name	**Mr. B.Ravikumar**	**Mr. Arun Nayyar**
Designation	CFO & Company Secretary	CEO
Remuneration received	₹1,16,54,236	₹3,33,20,396
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: 39 yrs	CA Experience: 21 yrs
Date of commencement of employment	22nd November 2013	1st August 2018
Age	64 years	43 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 EMPLOYMENT STOCK OPTION PLAN AS ON 31ST MARCH, 2020

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	1,883,884 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 cause' 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 cause'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	18,23,884	NIL
2.	Number of options granted during the year	60,000	9,31,000
3.	Number of options issued due to Bonus during the year	NIL	NIL
4.	Number of options forfeited/lapsed during the year	2,04,300	5,10,000
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	1,679,584	4,21,000
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

Directors' Report (contd.)

ANNEXURE - 4

Form No. MGT – 9

EXTRACT OF ANNUAL RETURN
as on the financial year ended on 31st March 2019

[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	503, Tower 2B, One IndiaBulls Centre, 841, S. B. Marg, Mumbai 400013
vi)	Whether listed company (Yes/No)	Yes
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	Karvy Computershare Private Limited Karvy 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)

Sl. 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

Sl. 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 theYear				% 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**

Category of Shareholders	No.of Shares held at the beginning of the year Demat	Physical	Total	% of Total Shares	No. of Shares held at the end of theYear Demat	Physical	Total	% of Total Shares	% Change during the year
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**
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.						-			NIL
i) Indian	100		100	0.0001	100	0	100	0.0005	
ii) Overseas	400	100	500	0.0006	400	100	500	0.0028	
b) Individuals	-	-	-	-	-	-	-	-	-
(i) Individual shareholders holding nominal share capital upto ₹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	0

Directors' Report (contd.)

ANNEXURE – 4

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
1.	At the beginning of the year	1,80,00,000	99.9967	1,80,00,000	99.9967
2.	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.			
3.	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
	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.			
2	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

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
	Date-wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/ bonus/sweat equity 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
	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
	Name of the Shareholder – IIFL Seed Ventures Fund I				
5	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
	Name of the Shareholder – WestBridge Crossover Fund LLC				
6	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
	Name of the Shareholder – Trinity Inclusion Limited				
7	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

Directors' Report (contd.)

ANNEXURE - 4

v. Shareholding of Directors and Key Managerial Personnel:

Sl. 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 31st MARCH, 2020

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	7,72,93,38,411	0	0	7,72,93,38,411
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	0
Total (I + ii +iii)	**7,72,93,38,411**	**0**	**0**	**7,72,93,38,411**
Change in indebtedness during the financial year				
- Addition	5,03,65,29,186	20,00,00,000	0	5,23,65,29,186
- Reduction	2,41,83,18,558	0	0	2,41,83,18,558
Net Changes	2,61,82,10,628	20,00,00,000	0	2,81,82,10,628
Indebtedness at the end of the financial year				
i) Principal Amount	10,34,75,49,039	20,00,00,000	0	10,54,75,49,039
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	16,76,06,854	12,33,863	0	0
Total (i+ii+iii)	**10,515,155,893**	**201,233,863**	**0**	**10,547,549,039**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sl. 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	47,20,075
	Value of perquisite u/s 17(2) of the Income Tax Act, 1961	-
	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	-

Sl. No.	Particulars of Remuneration	Name of the Director: Mr. Piyush Kumar Khaitan
	- Others, specify	-
5	**Others, please specify**	-
	Total (A)	**47,20,075**
	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	-	-	19,50,000	19,50,000
	Total (2)	**-**	**-**	**19,50,000**	**19,50,000**
	Total (B) = (1+2)	**-**	**-**	**19,50,000**	**19,50,000**
	Total Managerial Remuneration	**-**	**-**	**19,50,000**	**19,50,000**
	Overall Ceiling as per the Act	-	-	-	-

C. Remuneration to key managerial Personnel other than MD/Manager/Whole-time Director

Sl. No.	Particulars of Remuneration	Key managerial Personnel		
		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	1,16,14,636	3,33,20,396	4,49 ,35,032
	(b) Value of perquisite u/s 17(2) of the Income Tax Act, 1961	39,600	0	39,600
	(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 ₹)	**1,16,54,236**	**3,33,20,396**	**4,49,74,632**

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

There were no penalties, punishment or compounding of offences during the year ended 31st March 2020.

ANNEXURE - 4

Form No. MR-3
SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 2019-20

[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 2019-20 of Neogrowth Credit Private Limited (hereinafter called the Company), incorporated on 17th May 1993 having CIN:U51504MH1993PTC251544 and Registered Office at 503, Tower 2B, One IndiaBulls Centre, 841, S. B. Marg, 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 authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March 2020 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 2020 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 Obligation 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.

Majority 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:

1) Special Resolutions dated 4th July 2019 for approval of private placement of Debentures, increase in borrowing limits of the Company and authority to create charge over Company's asset;

Board resolutions for

2) Allotment of 620 senior, secured, rated, listed, taxable, redeemable, transferable, non-convertible debentures of ₹10,00,000/- each on Private Placement basis on 3rd September 2019 to Triodos SICAV II – Tridos Microfinance fund; Triodos Custody B.V and Pettelaar Effectenbewaardrijf N.V.

3) Allotment of 508 senior, secured, rated, unlisted, taxable, redeemable, transferable, non-convertible debentures of ₹10,00,000/- each on Private Placement basis on 19th September 2019 to AAV Sarl and Masala Investments Sarl

4) Allotment of 700 senior, secured, rated, listed, taxable, redeemable, transferable, non-convertible debentures of ₹10,00,000/- each on Private Placement basis on 26th February 2020, to UTI International Wealth Creator 4

5) Allotment of 325 senior, secured, rated, unlisted, taxable, redeemable, transferable, non-convertible debentures of ₹10,00,000/- each on Private Placement basis on 26th March 2020 to Stichting Juridisch Eigenaar ACTIAM Institutional Microfinance Fund III as legal owner of ACTIAM Institutional Microfinance Fund

Date: 30th June 2020

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 Accounts 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: 30th June 2020

Mumbai

Corporate Governance Report

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 F.Y 2019-20, the Board duly met 17 times on 18th April 2019, 7th May 2019, 25th June 2019, 15th July 2019, 31st July 2019, 8th August 2019, 6th September 2019, 13th September 2019, 27th September 2019, 10th October 2019, 28th November 2019, 4th December 2019, 12th December 2019, 23rd January 2020, 14th February 2020, 26th February 2020 and 18 March 2020 and the gap between the two meeting 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, 2020 is as under:

Name of the Member	Status	No. of Meetings attended
Bindu Ananth	Chairperson	1
Mahesh Krishnamurthy	Member	3
Michael Fernandes	Member	4
Ganesh Rengaswamy	Member	3
Piyush Kumar Khaitan	Member	7

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 2019-20, the Audit Committee met seven times on 18th April 2019, 7th May 2019, 11th July 2019, 31st July 2019, 10th October 2019, 4th December 2019 and 19 February 2020.

B. Nomination and Remuneration Committee

The composition of the Nomination and Remuneration Committee (NRC) as on 31st March, 2020 is as under:

Name of the Member	Status	No. of Meetings attended
Michael Fernandes	Chairman	2
Bindu Ananth	Member	-
Mahesh Krishnamurthy	Member	1
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 and Directors and consider giving stock options to the employees of the Company.

During the FY 2019-20, the NRC met three times on 18th April 2019, 31st July 2019 and 10th October 2019.

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 2020 is as follows:

Name of the Member	Status	No. of Meetings attended
Mahesh Krishnamurthy	Chairman	3
Prashasta Seth	Member	4
Pranav Kumar	Member	4
Piyush Kumar Khaitan	Member	4

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 minimization procedures.

During FY 2019-20, the Credit and Risk Committee met four times on 18th April 2019, 31st July 2019, 10th October, 2019 and 19th February 2020.

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 2019 is as under:

Name of the Member	Status
Dhruv Kumar Khaitan	Chairman
Piyush Kumar Khaitan	Member
Mahesh Krishnamurthy	Member
Kushal Agrawal	Member
Ganesh Rengaswamy	Member
Prashasta Seth	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, 2019 is as under:

Name of the Member	Status
Bindu Ananth	Chairperson
Mahesh Krishnamurthy	Member
Michael Fernandes	Member
Prashasta Seth	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, 2020 is as under:

Name of the Member	Status	No. of Meeting attended
Piyush Kumar Khaitan	Chairman	6
Arun Nayyar	Member	13
B. Ravikumar	Member	10
G. K. Shettigar	Member	13

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 2019-20, the ALCO met 13 times on 4th June 2019, 28th June 2019, 30th July 2019, 22nd August 2019, 27th August 2019, 27th September 2019, 25th October 2019, 28th November 2019, 27th December 2019, 31st January 2020, 24th February 2020, 17th March 2020 and 24th March 2020.

G. IT STRATEGY COMMITTEE:

As per the RBI Master Direction – Information Technology Framework for the NBFC Sector dated June 8, 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 2020 is as under:

Name of the Member	Status	No. of Meetings attended
Bindu Ananth	Chairperson	0
Mahesh Krishnamurthy	Member	0
Michael Fernandes	Member	0
Piyush Kumar Khaitan	Member	3
Arun Nayyar	Member	3
B. Ravikumar	Member	3
Vamsi Ithamraju	Member	3

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 2019-20, the IT Strategy committee met 3 times, on 18th April 2019, 16th December 2019 and 14th Feb 2020.

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 the Companies Act, 2013. The Composition of the committee as on 31st March 2020, is as follows:

Name of the Member	Status
Dhruv Kumar Khaitan	Chairman
Mahesh Krishnamurthy	Member
Prashasta Seth	Member
Pranav Kumar	Member
Piyush Kumar Khaitan	Member

The committee did not conduct any meeting for FY 2019-20.

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, 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 programs. 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, 2020, 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 first Surveillance Audit at Chennai, Hyderabad and Mumbai Branches.

Related party transactions

During the financial year 2019-20, 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	AGM	Location	Date and Time	Details of Special Resolutions passed
2018 -19	26th Annual General Meeting	503 Tower 2B, One IndiaBulls Centre, 841, S B Marg, Elphinstone Rd, 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
2016-17	24th Annual General Meeting	503 Tower 2B, One IndiaBulls Centre, 841,S B Marg, Elphinstone Rd, Mumbai – 400 013	18th August 2017 Time: 5:00 P.M.	No special resolution passed

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 2020, 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 2020, 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 thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Emphasis of Matter

We draw attention to Note 42 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 judgment, were of most significance in our audit of the Ind AS financial statements for the financial year ended 31st March 2020. 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 finance 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 31st March 2020. • Read and assessed the Company's policy with respect to moratorium pursuant to the RBI circular and tested the implementation of such policy on a sample basis. • 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 behavioral 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 27th March 2020, April 17, 2020 and 22nd May, 2020, ('RBI circulars') allowing lending institutions to offer moratorium to borrowers on payment of instalments falling due between 1st March 2020 and 31st May 2020, the Company has extended moratorium to its borrowers in accordance with its Board approved policy as described in Note 42.
 	
In management's view and considering the guidance provided by the Institute of Chartered Accountants of India, providing moratorium to borrowers at a mass scale, based on RBI directives, by itself is not considered to result in a significant increase in credit risk ('SICR') for such borrowers. The Company has recorded a management overlay of around ₹15.82 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. Given the unique nature and scale of the economic impact of this pandemic, and its timing being close to the year-end, 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.
 	
Transition to IND AS accounting framework (as described in note 43 of the Ind AS financial statements)
 	
The Ind AS financial statements are the first financial statements the Company has prepared in accordance with Ind AS. For periods up to and including the year ended 31st March 2019, the Company prepared its financial statements in accordance with accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP or previous GAAP). Accordingly, for transition to Ind AS, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on 31st March 2020,
	• Assessed the additional considerations applied by the management for staging of loans as SICR or default categories in view of Company's policy on moratorium
	• 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.
	
	Our audit procedures included considering the appropriateness of the processes laid down by the management to implement such transition combined with procedures performed as follows:
	
	Performed test of details in respect of the Ind AS adjustments made by the Company (refer note 43) in the equity reconciliation and the reconciliation of the statement of profit and loss reported under erstwhile Indian GAAP to Ind AS.

Key audit matters	How our audit addressed the key audit matter
together with the comparative period data as at and for the year ended 31st March 2019. In preparing these financial statements, the Company's opening balance sheet was prepared as at 1st April 2018, the Company's date of transition to Ind AS. Some of the key Ind AS impact items in case of the Company are; Impairment provisioning as per expected credit loss approach Recognition of interest income/expense as per the effective interest rate method Fair valuation of financial instruments In view of the material impact and the complexity of implementation of the Ind AS framework, the transition to Ind AS was of particular importance for our audit as any error could lead to material misstatement in the preparation and presentation of the Ind AS financial statements.	Reviewed the nature of the Ind AS adjustments based on the applicable Ind AS and previous period accounting policies prepared in accordance with IGAAP. Reviewed the first-time adoption exemptions availed by the Company as per 'Ind AS 101 First-Time Adoption of Indian Accounting Standards'. Performed test of details by inspection of contracts, documents and policies to assess the appropriateness of the Ind AS adjustments Tested the arithmetical accuracy of the Ind AS adjustments Reviewed the disclosures with respect to the transition in accordance with the requirements of Ind AS 101.
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 the pervasive nature and 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) Program 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 above when it becomes available 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.

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

Responsibilities of Management 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 judgments 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 judgment 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 2020 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 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2020 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 2020

   (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

S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per Sarvesh Warty
Partner
Membership Number: 121411
UDIN: 20121411AAAAEH6232

Place of Signature: Mumbai
Date: 30th June 2020

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 except for the serial number tagging of the Property, plant and Equipment

(b) Property, plant and Equipment have not been physically verified by the management during the year due to the national lockdown declared by the by Government of India due to outbreak of Novel Corona Virus (COVID-19) hence, we are unable to comment on the discrepancies, if any.

(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 delay in few cases. As informed to us the provisions of sales-tax, duty of custom, 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 custom, 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 ompany. 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 section 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.

S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per Sarvesh Warty
Partner
Membership Number: 121411
UDIN: 20121411AAAAEH6232

Place of Signature: Mumbai
Date: 30th June 2020

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 over financial reporting of NeoGrowth Credit Private Limited ('the Company') as of 31st March 2020 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. 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 over financial reporting 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

Annexure 2

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

an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting 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 over financial reporting with reference to these Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting 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 internal financial controls over financial reporting with reference to these Ind AS financial statements.

Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Ind AS Financial Statements

A company's internal financial control over financial reporting 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 over financial reporting 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 Over Financial Reporting With Reference to these Ind AS Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting 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 over financial reporting with reference to these Ind AS financial statements to future periods are subject to the risk that the internal financial control over financial reporting 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 over financial reporting with reference to these Ind AS financial statements and such internal financial controls over financial reporting with reference to these Ind AS financial statements were operating effectively as at 31st March 2020, 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.

S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per Sarvesh Warty
Partner
Membership Number: 121411
UDIN: 20121411AAAAEH6232

Place of Signature: Mumbai
Date: 30th June 2020

Balance Sheet
as at 31st March 2020

(₹ in Lakh)

Particulars		Notes	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
I	**ASSETS**				
1	**Financial assets**				
	Cash and cash equivalents	4	16,560.60	3,697.40	5,065.09
	Bank balance other than above	5	5.91	180.34	382.78
	Derivative financial instruments	6	550.84	-	-
	Receivables	7			
	Trade receivables		-	12.35	59.28
	Loans	8	124,531.02	94,753.00	74,535.82
	Investments	9	-	15,447.89	29,334.95
	Other financial assets	12	1,814.04	537.92	420.37
2	**Non-financial assets**				
	Deferred tax assets (net)	31	3,110.46	3,354.00	2,300.44
	Property, plant and equipment	10	195.59	197.79	258.21
	Right-of-use assets	11	2,426.57	2,361.73	2,484.44
	Capital work-in-progress		-	39.50	-
	Other intangible assets	13	91.87	92.28	70.74
	Other non-financial assets	14	1,376.81	1,478.35	904.64
	Total assets		**150,663.71**	**122,152.55**	**115,816.76**
II	**LIABILITIES AND EQUITY**				
	Liabilities				
1	**Financial liabilities**				
	Payables				
	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		171.46	165.54	229.41
	Debt securities	15	73,302.22	69,293.16	57,468.80
	Borrowings (other than debt securities)	16	34,317.77	9,303.64	13,209.08
	Other financial liabilities	17	3,493.82	2,889.82	2,935.05
2	**Non-financial liabilities**				
	Provisions	18	1,110.76	1,802.17	1,529.82
	Other non-financial liabilities	19	220.41	187.29	247.90
	Total liabilities		**112,616.44**	**83,641.62**	**75,620.06**
	Equity				
	Equity share capital	20	6,355.36	6,355.36	6,355.36
	Other equity	21	31,691.91	32,155.57	33,841.34
	Total equity		**38,047.27**	**38,510.93**	**40,196.70**
	Total liabilities and equity		**150,663.71**	**122,152.55**	**115,816.76**
	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)

Piyush Khaitan
Managing Director
(DIN 00002579)

per Sarvesh Warty
Partner
Membership No. 121411

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

Arun Nayyar
CEO

Place: Mumbai
Date: 30th June 2020

Statement of Profit and Loss

for the year ended 31st March 2020

(₹ in Lakh)

Particulars		Notes	For the year ended 31st March 2020	For the year ended 31st March 2019
Revenue from operations				
	(i) Interest income	22	34,207.51	27,720.82
	(ii) Fee and commission income	23	1,009.39	841.49
	(iii) Net gain on fair value changes	24	714.70	1,285.96
(I)	**Total revenue from operations**		35,931.60	29,848.27
(II)	Other income	25	845.40	366.16
(III)	**Total income (I + II)**		**36,777.00**	**30,214.43**
(IV)	**Expenses**			
	(i) Finance cost	26	11,319.87	9,642.41
	(ii) Impairment on financial instruments	27	9,935.01	8,731.30
	(iii) Employee benefit expense	28	6,865.28	6,677.08
	(iv) Depreciation, amortisation and impairment	29	1,005.21	975.02
	(v) Other expenses	30	7,114.13	7,413.07
	Total expenses		**36,239.50**	**33,438.88**
(V)	**Profit/(loss) before exceptional items and tax (III - IV)**		**537.50**	**-3,224.45**
(VI)	Exceptional items		-	-
(VII)	**Profit/(loss) before tax (V - VI)**		**537.50**	**-3,224.45**
(VIII)	Tax expense:			
	(1) Current tax	31	214.23	-
	(2) Earlier year adjustments	31	282.88	-
	(3) Deferred tax charge/(credit)	31	343.69	-1,053.56
(IX)	**Profit/(loss) for the year (VII - VIII)**		**-303.30**	**-2,170.89**
(X)	**Other comprehensive income**			
	A Items that will not be reclassified to profit or loss			
	Remeasurement gain/(loss) on defined benefit plan		-21.31	36.24
	Total (A)		**-21.31**	**36.24**
	B Items that will be classified to profit or loss			
	Cash flow hedge			
	Net loss for the year		-397.96	-
	Income tax impact		100.16	-
	Net gain/(loss) on cash flow hedge		**-297.80**	**-**
	Total (B)		**-297.80**	**-**
	Other comprehensive income (A + B)		**-319.11**	**36.24**
(XI)	**Total comprehensive income**		**-622.41**	**-2,134.65**
(XII)	**Earnings per equity share**			
	Basic (₹)	32	-3.46	-11.86
	Diluted (₹)	32	-3.46	-11.86
	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 Sarvesh Warty
Partner
Membership No. 121411

Place: Mumbai
Date: 30th June 2020

For and on behalf of the Board of Directors

Dhruv Khaitan
Chairman
(DIN 00002584)

Piyush Khaitan
Managing Director
(DIN 00002579)

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

Arun Nayyar
CEO

Statement of changes in Equity

for the year ended 31st March 2020

a. Equity Share Capital

	(₹ in Lakh)
Equity shares of ₹10 each issued, subscribed and fully paid	
As at 1st April 2018	1,800.06
As at 31st March 2019	**1,800.06**
As at 31st March, 2020	**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 2018	4,555.30	116.00	121.37	42,518.24	-8,943.79	-	29.52	38,396.64
Dividends	-	-	-	-	-0.46	-	-	-0.46
Transfer to/(from) retained earnings	-	86.45	-	-	-86.45	-	-	-
ESOP Cost recognised during the year	-	-	449.33	-	-	-	-	449.33
Profit/(loss) for the year after income tax	-	-	-	-	-2,170.89	-	-	-2,170.89
Other Comprehensive Income for the year before income tax	-	-	-	-	-	-	36.24	36.24
Total Comprehensive Income for the year	**-**	**86.45**	**449.33**	**-**	**-2,257.80**	**-**	**36.24**	**-1,685.77**
Balance as at 31st March 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**
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

per Sarvesh Warty
Partner
Membership No. 121411

Place: Mumbai
Date: 30th June 2020

Dhruv Khaitan
Chairman
(DIN 00002584)

Piyush Khaitan
Managing Director
(DIN 00002579)

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

Arun Nayyar
CEO

Cash Flow Statement
for the year ended 31st March 2020

(₹ in Lakh)

Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
Operating activities		
Profit before tax	537.50	-3,224.45
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation, amortisation and impairment	1,005.21	975.02
Non cash adjustment made for creation and foreclosure of Right-of-use assets	-34.66	-0.33
Effective Interest Rate adjustment in Borrowings	-202.18	129.56
Interest Income on security deposits	-50.83	-42.66
Interest on Lease liability	323.22	325.73
Interest on Debt Securities	8,644.95	7,781.83
Interest on Borrowings	1,682.57	1,149.42
ESOP costs recognised during the year	159.21	449.33
Profit on sale of property, plan and equipment	-0.09	-
Impairment on financial instruments	9,935.01	8,731.30
Remeasurement gain/(loss) on defined benefit plan	-21.31	36.24
Net Gain on fair value of Investments	12.89	-12.89
Working capital changes		
(Increase)/Decrease in Loan	-39,716.54	-28,884.54
(Increase)/Decrease in Receivables	12.35	46.92
(Increase)/Decrease in Other Financial Assets	-1,268.49	-126.72
(Increase)/Decrease in Other Non Financial Assets	-103.00	-191.57
(Increase)/Decrease in Bank balance other than cash and cash equivalents	174.43	202.44
Increase/(Decrease) in Trade payable	5.93	-63.86
Increase/(Decrease) in Other financial liabilities	469.98	-70.52
Increase/(Decrease) in Provisions	-689.41	218.40
Increase/(Decrease) in Other non-financial Liabilities	33.11	-60.62
Proceeds from redemption of Investments at fair value through profit and loss (net)	15,435.00	13,899.95
Interest Paid on Debt Securities and Borrowings	-10,239.34	-8,724.43
Income tax paid (Net of refunds)	-292.57	-382.15
Net cash flows used in operating activities	**-14,187.06**	**-7,838.59**
Investing activities		
Proceeds from sale of property, plan and equipment	0.10	-
Purchase of property, plan and equipment	-86.94	-162.91
Purchase of intangible assets	-57.00	-54.50

Cash Flow Statement

for the year ended 31st March 2020

(₹ in Lakh)

Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
Net cash flows used in investing activities	**-143.84**	**-217.41**
Financing activities		
Debt securities issued	21,530.00	16,500.00
Debt securities repaid	-17,304.67	-5,166.67
Borrowings other than debt securities taken	30,841.11	5,700.00
Borrowings other than debt securities repaid	-6,878.05	-9,450.80
Interest paid on lease liability	-323.22	-325.73
Principal portion of lease liability except short term lease payments	-671.08	-568.49
Net cash flows from financing activities	**27,194.10**	**6,688.30**
Net increase/(decrease) in cash and cash equivalents	**12,863.20**	**-1,367.69**
Cash and cash equivalents at 1st April	3,697.40	5,065.09
Cash and cash equivalents at 31st March (refer Note 4)	**16,560.60**	**3,697.40**
Operational cash flows from interest and dividends		
Interest paid	10,562.56	9,050.16
Short-term lease payments	15.51	34.95

Note:
- 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 Sarvesh Warty
Partner
Membership No. 121411

Place: Mumbai
Date: 30th June 2020

For and on behalf of the Board of Directors

Dhruv Khaitan
Chairman
(DIN 00002584)

Piyush Khaitan
Managing Director
(DIN 00002579)

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

Arun Nayyar
CEO

Notes
to financial statements for the year ended 31st March 2020

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 30th June 2020

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).

For all periods upto and including the year ended 31st March 2019, the Company prepared its financial statements in accordance with generally accepted accounting principles in India ("Indian GAAP"), in compliance with all material aspects of the accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014, the provisions of the RBI as applicable to a NBFC-ND and accounting principles generally accepted in India. The financial statements for the year ended 31st March 2020, are the first the Company has prepared under Ind AS. The financial statements for the year ended 31st March 2019 and the opening Balance Sheet as at 1st April 2018 have been restated in accordance with Ind AS for comparative information. Reconciliations and explanations of the effect of the transition from Previous GAAP to Ind AS on the Company's Balance Sheet, Statement of Profit and Loss are provided in note 43.

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 lakhs, except when otherwise indicated.

Note 3: Significant accounting policies

3.1. Use of estimates, judgments and assumptions

The preparation of financial statements in conformity with the Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosure and the disclosure of contingent liabilities, at the end of the reporting period. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected.

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 AS.

Notes

to financial statements for the year ended 31st March 2020

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 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.

Notes
to financial statements for the year ended 31st March 2020

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 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.

Notes
to financial statements for the year ended 31st March 2020

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 six 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.

For arrangements entered into prior to 1st April 2018, the Company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

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 re-measurement 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

Notes

to financial statements for the year ended 31st March 2020

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 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 re-measurement 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.

Re-measurement, 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. Re-measurements 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.

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.

Notes
to financial statements for the year ended 31st March 2020

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 ex-change 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

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:

Notes
to financial statements for the year ended 31st March 2020

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 re-measurement 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.

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 re-assesses 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.

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,

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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.

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.

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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 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.

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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-months 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 upto 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.

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

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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

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

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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 re-mains 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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4. Cash and cash equivalents

	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
Cash on hand	34.17	47.68	29.76
Balances with bank	525.53	3,637.45	5,035.33
Cheques, drafts on hand	-	12.27	-
Bank deposit with maturity of less than 3 months	16,000.90	-	-
TOTAL	**16,560.60**	**3,697.40**	**5,065.09**

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.

5. Bank balance other than cash and cash equivalents

	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
Deposits with original maturity for more than 3 months but less than 12 months	-	66.71	22.88
Balances with banks to the extent held as margin money or security against the borrowings, guarantees, other commitments	5.91	113.63	359.90
TOTAL	**5.91**	**180.34**	**382.78**

Fixed deposit earns interest at fixed rate based on applicable bank deposit rates.

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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.

Particulars	As at 31st March 2020				As at 31st March 2019				As at 1st April 2018			
	Notional amounts	Fair value assets	Notional amounts	Fair value liabilities	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	241.14	-	-	-	-	-	-	-	-	-	-
Sub total (i)	**4,245.00**	**241.14**	-	-	-	-	-	-	-	-	-	-
(ii) Other derivatives - Cross Currency Interest Rate Swaps	11,892.29	309.70										
Total derivative financial instruments (i+ii)	**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	550.84	-	-	-	-	-	-	-	-	-	-
Total Derivative Financial Instruments	**16,137.29**	**550.84**	-	-	-	-	-	-	-	-	-	-

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 USD 22.58 million as on 31st March 2020.

The Company has economically hedged

(i) the foreign currency risk arising from the fixed rate non-INR borrowing using the cross currency swap, and (2) the foreign currency risk and interest rate risk arising from the floating rate non-INR borrowing using the cross currency interest rate swap

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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 ₹397.96 Lakh for the year ended 31st March 2020 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 ₹297.80 Lakh (net of tax) is notional in nature

The impact of the hedging instruments on the balance sheet is as follows:
31st March 2020

	Notional amount	Carrying amount	Line item in the balance sheet
Currency Swaps	4,245.00	241.14	Derivative financial instruments
Cross Currency Interest Rate Swaps	11,892.29	309.70	Derivative financial instruments

The impact of hedged items on the balance sheet is as follows:

Particulars	Cash flow hedge reserve as at 31st March 2020
External Commercial Borrowings	-297.80

The effect of cash flow hedge in the statement of profit or loss and other comprehensive income is as follows:

Particulars	Total hedging gain/(loss) recognised in OCI
External Commercial Borrowings	-397.96

7. Receivables

	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
Trade Receivables			
Unsecured considered good	-	12.35	59.28
TOTAL	**-**	**12.35**	**59.28**

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.

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8. Loans (at amortised cost)

Particulars	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
Term loans	151,537.65	113,764.37	85,980.01
Total - Gross	**151,537.65**	**113,764.37**	**85,980.01**
Less: Impairment loss allowance	27,006.63	19,011.37	11,444.19
Total - Net	**124,531.02**	**94,753.00**	**74,535.82**
Loans in India			
i) Public Sector			
ii) Others (Private sector)	151,537.65	113,764.37	85,980.01
Total - Gross	**151,537.65**	**113,764.37**	**85,980.01**
Less: Impairment loss allowance	27,006.63	19,011.37	11,444.19
Total - Net	**124,531.02**	**94,753.00**	**74,535.82**
Loans outside India	-	-	-
Less: Impairment loss allowance	-	-	-
Total - Net	-	-	-
Total	**124,531.02**	**94,753.00**	**74,535.82**

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 2020				As at 31st March 2019				As at 1st April 2018			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount	127,279.71	3,976.82	20,281.12	151,537.65	96,680.37	3,296.30	13,787.70	113,764.37	72,835.85	3,598.20	9,545.96	85,980.01
Less: Impairment loss allowance	-7,443.25	-262.37	-19,301.01	-27,006.62	-6,490.76	-212.94	-12,307.66	-19,011.37	-4,708.90	-279.87	-6,455.41	-11,444.19
Net carrying amount	**119,836.47**	**3,714.46**	**980.10**	**124,531.03**	**90,189.61**	**3,083.36**	**1,480.03**	**94,753.01**	**68,126.95**	**3,318.33**	**3,090.54**	**74,535.83**

Impairment loss allowance includes 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:

	Year ended 31st March 2020				Year ended 31st March 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	96,680.37	3,296.30	13,787.70	113,764.37	72,835.85	3,598.20	9,545.96	85,980.01
New assets originated or purchased	106,885.45	1,803.50	1,829.65	110,518.60	93,464.83	2,627.64	3,453.09	99,545.56
Assets derecognised or repaid (excluding write offs)	-68,515.29	-1,513.17	-2,716.87	-72,745.32	-65,899.50	-2,273.70	-3,588.00	-71,761.20
Transfers to Stage 1	18.92	-18.92	-	-	-	-	-	-
Transfers to Stage 2	-2,143.64	2,143.64	-	-	-639.55	639.55	-	-
Transfers to Stage 3	-5,646.10	-1,734.53	7,380.63	-	-3,081.26	-1,295.39	4,376.65	-
Gross carrying amount closing balance	**127,279.71**	**3,976.82**	**20,281.12**	**151,537.65**	**96,680.37**	**3,296.30**	**13,787.70**	**113,764.37**

Reconciliation of ECL balance is given below:

	Year ended 31st March 2020				Year ended 31st March 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	6,490.76	212.94	12,307.66	19,011.37	4,708.90	279.87	6,455.41	11,444.19
New assets originated or purchased	4,296.05	1,142.49	1,233.35	6,671.89	6,894.89	211.86	3,636.28	10,743.04
Assets derecognised or repaid (excluding write offs)	-2,778.40	-1,090.80	-10.85	-3,880.06	-4,555.90	-126.03	-	-4,681.93
Transfers to Stage 1	1.79	-1.79	-	-	-	-	-	-
Transfers to Stage 2	-142.16	142.16	-	-	-32.50	32.50	-	-
Transfers to Stage 3	-424.79	-142.64	567.43	-	-524.63	-185.25	709.89	-
Impact on year end ECL of exposures transferred between stages during the year	-	-	5,203.42	5,203.42	-	-	1,506.08	1,506.08
ECL allowance - closing balance	**7,443.25**	**262.37**	**19,301.01**	**27,006.62**	**6,490.76**	**212.94**	**12,307.66**	**19,011.37**

Financial assets that were written off during the reporting period and are still subject to enforcement activity.

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 ₹1,582 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 initial period of the lockdown announced by the government (as a response to this pandemic).

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Concentration of loans and advances

Industry	Percentage
Food and Beverage	17.00%
Apparel	13.00%
Petrol Pump	10.00%
Groceries	4.00%
Hardware and Electrical	3.00%
Engineering and Capital Goods	3.00%
Contractor	3.00%
Mobile	3.00%
Pharmacy	2.50%
FMCG	2.50%
Hotels	2.00%
Spa and Salon	2.00%
Others	35.00%

Note:
Others consist a list of more than 50 industries, over which this portion of the portfolio is distributed.

9. Investments

Particulars	At Fair value through profit and loss account
As at 31st March 2020	
Mutual funds	-
Total Gross	**-**
Less: Impairment loss allowance	-
Total - Net	**-**
As at 31st March 2019	
Mutual funds	15,447.89
Total Gross	**15,447.89**
Less: Allowance for impairment loss	-
Total - Net	**15,447.89**
As at 1st April 2018	
Mutual funds	29,334.95
Total Gross	**29,334.95**
Less: Allowance for impairment loss	-
Total - Net	**29,334.95**

More information regarding the valuation methodologies can be found in Note 41 - Fair value measurement.

Notes

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10. Property, plant and equipment

Particulars	Leasehold property improvement work	Office equipment	Computer Equipment	Furniture & Fixtures	Total
Cost:					
At 1st April 2018	21.66	24.05	157.23	55.28	258.21
Additions	18.72	33.80	65.04	5.85	123.42
At 31st March 2019	**40.38**	**57.85**	**222.27**	**61.13**	**381.63**
Additions	0.56	22.65	103.03	0.20	126.43
Disposals	-	-	-0.67	-	-0.67
At 31st March 2020	**40.94**	**80.49**	**324.63**	**61.33**	**507.39**
Depreciation and impairment:					
At 1st April 2018	-	-	-	-	-
Depreciation charge for the year	24.07	18.53	126.00	15.24	183.84
At 31st March 2019	**24.07**	**18.53**	**126.00**	**15.24**	**183.84**
Disposals	-	-	-0.66	-	-0.66
Depreciation charge for the year	7.03	22.56	87.13	11.91	128.63
At 31st March 2020	**31.10**	**41.08**	**212.48**	**27.15**	**311.81**
Net book value:					
As at 1st April 2018	**21.66**	**24.05**	**157.23**	**55.28**	**258.21**
As at 31st March 2019	**16.31**	**39.32**	**96.27**	**45.89**	**197.79**
As at 31st March 2020	**9.84**	**39.41**	**112.15**	**34.18**	**195.59**

11. Right-of-use assets

Effective 1st April 2019, the Company has adopted Ind AS 116 'Leases' and applied the same to all eligible lease contracts existing on 1st April 2018 using the full retrospective approach with right-of-use asset recognised at an amount equal to the adjusted lease liability. Accordingly, comparative figures for the corresponding periods, for the year ended and as at 31st March 2020 have been retrospectively adjusted. On transition, the adoption of the new standard resulted in recognition of 'Right of Use' asset of ₹2,484.44 Lakh and a lease liability of ₹2,433.52 Lakh.

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.

The discount rate applied to lease liabilities as at 1st April 2018 is based on the incremental borrowing rate applicable to respective lease.

Particulars	Right-of-use Premises
Cost:	
At 1st April 2018	3,064.51
Additions	666.51
Disposals	131.78
At 31st March 2019	**3,599.23**
Additions	1,027.72
Disposals	445.76
At 31st March 2020	**4,181.19**
Depreciation and impairment:	
At 1st April 2018	580.07
Disposals	100.78
Depreciation charge for the year	758.22
At 31st March 2019	**1,237.51**
Disposals	302.05

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Particulars	Right-of-use Premises
Depreciation charge for the year	819.17
At 31st March 2020	**1,754.63**
Net book value:	
At 1st April 2018	**2,484.44**
At 31st March 2019	**2,361.73**
At 31st March 2020	**2,426.57**

12. Other financial assets

Particulars	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
Unsecured considered good, unless stated otherwise			
Security deposits	452.66	369.94	303.99
Less: Impairment allowance	-9.40	-10.45	-
Others			
Fixed deposits with bank with original maturity for more than 12 months	1,303.50	51.65	84.74
Insurance commission receivable	-	-	25.71
Doutbful Assets			
Cheque bounce charges receivable	-	-	9.96
Less: Impairment allowance	-	-	-9.96
Other receivables	67.28	126.78	5.93
Total	**1,814.04**	**537.92**	**420.37**

Note: Out of the above, fixed deposit ₹1,254.04 Lakh (as at 31st March 2019 - ₹Nil) are marked as lien against term

13. Other intangible assets loans.

Particulars	Computer Software
Cost:	
At 1st April 2018	70.74
Additions	54.50
At 31st March 2019	**125.24**
Additions	57.00
At 31st March 2020	**182.24**
Accumulative amortisation and impairment:	
At 1st April 2018	-
Depreciation charge for the year	32.96
At 31st March 2019	**32.96**
Depreciation charge for the year	57.41
At 31st March 2020	**90.37**
Net book value:	
As at 1st April 2018	**70.74**
As at 31st March 2019	**92.28**
As at 31st March 2020	**91.87**

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14. Other non-financial assets

Particulars	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
Advance tax (net of Provisions for taxation and tax deducted at source)	765.36	969.90	587.75
Goods & Service Tax cash ledger	1.23	3.01	-
Goods & Service Tax credit (input) receivable	305.44	291.94	214.87
Prepaid expenses	162.30	93.31	61.48
Advance to vendors	142.48	91.96	40.29
Advance to employees	-	17.33	0.25
Others	-	10.90	-
TOTAL	**1,376.81**	**1,478.35**	**904.64**

15. Debt securities

Particulars	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
	Amortised cost	Amortised cost	Amortised cost
Liability component of compound financial instruments	9.10	9.10	9.10
Debentures (Secured)			
Privately placed debentures	73,293.12	69,284.06	50,914.39
Debentures (Unsecured)			
Privately placed debentures	-	-	6,545.31
Total	**73,302.22**	**69,293.16**	**57,468.80**
Debt securities in India	73,302.22	69,293.16	57,468.80
Debt securities outside India	-	-	-
TOTAL	**73,302.22**	**69,293.16**	**57,468.80**

The Company has been regular with all borrowers on repayments of principal and interest dues. No borrower has reported or invoked any breach of covenants

Particulars of Privately Placed Redeemable Non Convertible Debentures (Secured):

Redemption Date	Put/Call option date	Repayment details	Face Value	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
15th February 2023	15th February 2021	Bullet	1,000,000	10,500.00	10,500.00	-
17th July 2020	-	Bullet	1,000,000	8,600.00	8,600.00	8,600.00
26th February 2026	25th February 2022	Bullet	1,000,000	7,000.00	-	-
28th August 2023	28th August 2020	Bullet	1,000,000	6,500.00	6,500.00	-
26th October 2021	-	Bullet	1,000,000	6,500.00	6,500.00	6,500.00
3rd September 2025	3rd September 2022	Bullet	1,000,000	6,200.00	-	-
16th November 2022	-	Bullet	1,000,000	6,000.00	6,000.00	-
13th May 2023	-	Bullet	1,000,000	5,080.00	-	-
7th August 2022	7th August 2020	Bullet	1,000,000	5,060.00	5,060.00	5,060.00
29th September 2021	-	Bullet	1,000,000	4,000.00	4,000.00	4,000.00
7th February 2023	-	Bullet	1,000,000	3,500.00	3,500.00	3,500.00
26th April 2023	-	Bullet	1,000,000	3,250.00	-	-
28th May 2019	-	Bullet	1,000	-	2,024.67	2,024.67
16th March 2020	-	Bullet	1,000,000	-	3,250.00	3,250.00
27th June 2019	-	Bullet	1,000,000	-	4,000.00	4,000.00
22th November 2021*	22th November 2019	Bullet	1,000,000	-	4,000.00	4,000.00
17th August 2019	-	Bullet	1,000,000	-	4,030.00	4,030.00
29th September 2018	-	Periodic	33,333	-	-	833.33

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Redemption Date	Put/Call option date	Repayment details	Face Value	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
29th November 2018	-	Periodic	53,333	-	-	1,333.33
22 January 2019	-	Bullet	1,000,000	-	-	3,000.00
Total				**72,190.00**	**67,964.67**	**50,131.34**
Add: Interest Component				1,112.22	1,328.49	783.05
Total				**73,302.22**	**69,293.16**	**50,914.39**

Interest rates range from 11.92% p.a. to 13.66% p.a. for the year ended 31st March 2020 (for the year ended 31st March 2019 - Interest rate range from 12.33% p.a. to 14.30% p.a.)

* Call option was exercised by lender on 22th November 2019.

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. The total asset cover has been maintained as per the terms and condition stated in the respective debenture trust deeds.

Particulars of Privately Placed Redeemable Non Convertible Debentures (Unsecured):

Redemption Date	Put/Call option date	Repayment details	Face Value	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
28th August 2023 &	28th August 2020	Bullet	1,000,000	-	-	6,500.00
Total				-	**-**	**6,500.00**
Add: Interest component				-	-	45.31
Total				-	**-**	**6,545.31**

& Classified from unsecured to secured as per the terms set out in the debenture trust deed.

16. Borrowings other than debt securities

Particulars	As at 31st March 2020 Amortised cost	As at 31st March 2019 Amortised cost	As at 1st April 2018 Amortised cost
Term Loan			
from bank in INR (secured)	3,898.80	5,157.85	3,894.57
from third party in INR (secured)	12,327.66	4,145.79	5,486.45
Commercial Papers	-	-	3,828.06
Cash credit/Overdraft facilities from banks (secured)	903.82	-	-
External Commercial Borrowings	17,187.49	-	-
Total	**34,317.77**	**9,303.64**	**13,209.08**
Borrowings in India	17,130.28	9,303.64	13,209.08
Borrowings outside India	17,187.49	-	-
Total	**34,317.77**	**9,303.64**	**13,209.08**

The Company has been regular with all borrowers on repayments of principal and interest dues. No borrower has reported or invoked any breach of covenants

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 ₹3,210 Lakh (31st March 2019: ₹3,210 Lakh; 1st April 2018: ₹3,210 Lakh) are secured by additional third party guarantee.

Coupon rate range from 10.43% p.a. to 11.50% for the year ended 31st March 2020 (for the year ended 31st March 2019 - Interest rate range from 10.03% p.a. to 13.00% p.a.).

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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 ₹1,833.33 Lakh (31st March 2019: ₹Nil, 1st April 2018: ₹Nil) are secured by additional fixed deposit.

Coupon rates range from 12.25% p.a. to 14.45% p.a. for the year ended 31st March 2020 (for the year ended 31st March 2019 interest rate range from 11.00% 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. (31st March 2019: NIL, 1st April 2018: NIL).

Coupon rates range from 11.25% to 10.70% p.a. for the year ended 31st March 2020 (for the year ended 31st March 2019 - NIL).

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 4.74% p.a. to 6.15% p.a. for the year ended 31st March 2020 (for the year ended 31st March 2019 NIL).

17. Other financial liabilities

Particulars	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
Merchant balances	823.51	413.71	446.98
Lease liabilities for premises on rent (refer Note 17A)	2,592.84	2,458.82	2,433.52
Other liabilities	77.46	17.29	54.54
TOTAL	**3,493.82**	**2,889.82**	**2,935.05**

17A. Lease liabilities

Particulars	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
Lease liabilities for premises on rent	2,592.84	2,458.82	2,433.52
TOTAL	**2,592.84**	**2,458.82**	**2,433.52**

Future cash flows to which the lessee is potentially exposed that are not reflected in measurement of lease liabilities are:

Particulars	As at 31st March 2020
Extension options and termination options	
-Leases not yet commenced to which the lessee is committed	359.30

Maturity analysis of contractual undiscounted cash flow

Particulars	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
Less than 1 year	1,043.15	915.28	780.77
1 - 5 years	2,097.41	2,127.92	2,345.26
6 - 10 years	38.64	-	-
More than 10 years	-	-	-
Total undiscounted lease liabilities	**3,179.20**	**3,043.21**	**3,126.03**

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The following is the movement in lease liabilities for the year ended 31st March 2020:

	Amount
Balance as at 1st April 2018	2,433.52
Add: Finance Cost accrued during the year	325.73
Add: Lease liability recognised during the year (Net of foreclosure)	593.80
Less: Payment of Lease Liabilities	-894.23
Balance as at 31st March 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**

18. Provisions

Particulars	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
Loans to be disbursed	-	-	20.11
Employee benefits			
- Gratuity (refer Note 34)	33.30	20.00	41.26
- Provision for compensated absences (refer Note 34)	44.66	27.39	44.75
- Retention & performance bonus	28.68	294.10	245.06
Provision for non-fund based exposure	58.26	60.72	7.23
Provision for Stock Appreciation Rights (SAR)	174.90	174.90	160.20
Others	770.96	1,225.07	1,011.21
TOTAL	**1,110.76**	**1,802.17**	**1,529.82**

Loan commitment
Details of Company's Risk Management process and policies are set out in Note 42 - Risk Management.

Notes
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Provision for non-fund based exposure:
a) Credit Quality of Assets

	Year ended 31st March 2020				Year ended 31st March 2019				Year ended 31st March 2018			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Carrying amount of non-fund based exposure (refer Note 37	1,082.26	20.90	9.25	1,112.41	638.58	39.64	26.11	704.33	53.23	5.49	2.01	60.72
Total	**1,082.26**	**20.90**	**9.25**	**1,112.41**	**638.58**	**39.64**	**26.11**	**704.33**	**53.23**	**5.49**	**2.01**	**60.72**

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

	Year ended 31st March 2020				Year ended 31st March 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	638.58	39.64	26.11	704.33	53.23	5.49	2.01	60.72
New assets originated or purchased	1,082.26	20.90	9.25	1,112.41	638.58	39.64	26.11	704.33
Assets derecognised or repaid (excluding write offs)	-638.58	-39.64	-26.11	-704.33	-53.23	-5.49	-2.01	-60.72
Gross carrying amount closing balance	**1,082.26**	**20.90**	**9.25**	**1,112.41**	**638.58**	**39.64**	**26.11**	**704.33**

c) Reconciliation of ECL balance is given below:

	Year ended 31st March 2020				Year ended 31st March 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	36.53	2.63	21.56	60.72	5.60	0.58	1.05	7.23
New assets originated or purchased	50.10	0.93	7.22	58.26	36.53	2.63	21.56	60.72
Assets derecognised or repaid (excluding write offs)	-36.53	-2.63	-21.56	-60.72	-5.60	-0.58	-1.05	-7.23
ECL allowance - closing balance	**50.10**	**0.93**	**7.22**	**58.26**	**36.53**	**2.63**	**21.56**	**60.72**

Notes
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Movement of provisions other than employee benefit during the year
The movement in provisions for the year ended 31st March 2020 is, as follows:

	Litigation	Other	Total
As at 31st March 2019	**-**	**1,225.07**	**1,225.07**
Additional provisions during the year	-	749.61	749.61
Utilised (Incurred or charged against that provision)	-	-1,203.71	-1,203.71
As at 31st March 2020	**-**	**770.97**	**770.97**

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:

	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
Particulars	**Nos**	**Nos**	**Nos**
SARs Outstanding at the beginning of the year	169,400	156,400	913,900
Rights Vested during the year	-	13,000	335,000
Exercised during the year	-	-	-
Expired/Lapsed/Transferred during the year	-	-	-1,092,500
Outstanding at the end of the year	169,400	169,400	156,400
Total Liability of SAR (₹in Lakh)	**174.90**	**174.90**	**160.20**

Particulars	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
Total employee compensation cost pertaining to SARs for the year as per the terms of vesting	-	14.70	-378.36
Opening balance of provision for SARs	174.90	160.20	538.56
Closing balance of provision for SARs (Net off)	**174.90**	**174.90**	**160.20**

19. Other non-financial liabilities

Particulars	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
Statutory dues payable	220.41	187.29	247.90
TOTAL	**220.41**	**187.29**	**247.90**

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20. Share capital
The reconciliation of equity shares outstanding at the beginning and at the end of the period

Particulars	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
Authorised			
2,10,00,000 (31st March 2019: 2,10,00,000 ; 1st April 2018: 2,10,00,000) equity shares of ₹10 each	2,100.00	2,100.00	2,100.00
4,60,00,000 (31st March 2019: 4,60,00,000 ; 1st April 2018: 4,60,00,000) preference shares of ₹10 each	4,600.00	4,600.00	4,600.00
TOTAL	**6,700.00**	**6,700.00**	**6,700.00**
Issued, Subscribed and Fully paid-up Share Capital			
1,80,00,600 (31st March 2019: 1,80,00,600 ; 1st April 2018: 1,80,00,600) equity shares of ₹10 each	1,800.06	1,800.06	1,800.06
4,56,44,009 (31st March 2019: 4,56,44,009 ; 1st April 2018: 4,56,44,009) 0.01% Compulsory Cumulative Convertible Preference Shares (CCCPS) of ₹10/- each fully paid up	4,555.30	4,555.30	4,555.30
TOTAL	**6,355.36**	**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

	Equity		Compulsory Cumulative Convertible Preference Shares (CCCPS)	
Particulars	Numbers	Amount	Numbers	Amount
As at 1st April 2018	18,000,600	1,800.06	45,644,009	4,555.30
Issued during the year	-	-	-	-
As at 31st March 2019	**18,000,600**	**1,800.06**	**45,644,009**	**4,555.30**
Issued during the year	-	-	-	-
As at 31st March 2020	**18,000,600**	**1,800.06**	**45,644,009**	**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 2020, the amount of per share dividend recognised as distributions to equity shareholders was Nil (for the year ended 31st March 2019: ₹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.

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Details of shareholders holding more than 5% shares in the Company as on reporting date

Particulars	As at 31st March 2020			As at 31st March 2019			As at 1st April 2018		
	Nos.	% holding in the class	% holding in all classes	Nos.	% holding in the class	% holding in all classes	Nos.	% holding in the class	% holding in all classes
i) Dhruv Kumar Khaitan	9,000,000	49.998%	14.141%	9,000,000	49.998%	14.141%	9,000,000	49.998%	14.141%
ii) Piyush Kumar Khaitan	9,000,000	49.998%	14.141%	9,000,000	49.998%	14.141%	9,000,000	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 2020			As at 31st March 2019			As at 1st April 2018		
	Nos.	% holding in the class	% holding in all classes	Nos.	% holding in the class	% holding in all classes	Nos.	% holding in the class	% holding in all classes
Aspada Investment Company	5,380,758	11.789%	8.454%	5,380,758	11.789%	8.454%	5,380,758	11.789%	8.454%
ON Mauritius	6,965,181	15.260%	10.944%	6,965,181	15.260%	10.944%	6,965,181	15.260%	10.944%
Khosla Impact I Mauritius	3,251,470	7.124%	5.109%	3,251,470	7.124%	5.109%	3,251,470	7.124%	5.109%
Accion Frontier Inclusion Mauritius	6,280,638	13.760%	9.868%	6,280,638	13.760%	9.868%	6,280,638	13.760%	9.868%
IIFL Seed Ventures Fund I	4,859,845	10.647%	7.636%	4,859,845	10.647%	7.636%	4,859,845	10.647%	7.636%
West Bridge Crossover Fund LLC	2,689,900	5.893%	4.226%	2,689,900	5.893%	4.226%	2,689,900	5.893%	4.226%
Trinity Inclusion Ltd	16,216,217	35.528%	25.479%	16,216,217	35.528%	25.479%	16,216,217	35.528%	25.479%

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 (22th 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 (March 25, 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.

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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 20 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.

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 20 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 20 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 20 years from the date of allotment (21th 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 20 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 20 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 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

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

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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).

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

Particulars	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
Statutory Reserve (pursuant to section 45-IC(1) of the Reserve Bank of India Act, 1934)	202.45	202.45	116.00
Security Premium	42,518.24	42,518.24	42,518.24
Retained Earnings	-11,505.34	-11,201.59	-8,943.79
Share options outstanding account	729.92	570.70	121.37
Other Comprehensive Income	-253.36	65.75	29.52
Total	**31,691.91**	**32,155.57**	**33,841.34**

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.

22. Interest income

Particulars	For the year ended 31st March 2020 On Financial Assets measured at Amortised cost	For the year ended 31st March 2019 On Financial Assets measured at Amortised cost
Interest on Loans		
Business loans	34,065.70	27,561.52
Interest on deposits with Banks	90.97	116.64
Other interest income		
Unwinding of security deposit	50.83	42.66
Total	**34,207.51**	**27,720.82**

Note:
Unamortised portion of Processing fees income of ₹700.85 Lakh (March, 2019 – ₹551.11 Lakh) and Commission expenses of ₹734.09 Lakh (March, 2019 – ₹380.71 Lakh) is netted off and net amount has been adjusted against Processing fees amounting to ₹33.24 Lakh (March, 2019 – ₹170.40 Lakh). The net Processing Fees has been disclosed under the head Interest Income (refer Note 22). Commission expenses has been disclosed under the head Other Expenses (refer Note 30). To that extent the Processing fees and RA Commission has been grossed up.

23. Fees and commission income

Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
Other financial services- Commission	82.81	15.08
Merchant Service Fees	893.26	530.76
Service Fees on Syndication	33.32	295.64
Total	**1,009.39**	**841.49**

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Revenue from contracts with customers
Set out below is the revenue from contracts with customers and reconciliation to profit and loss account

Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
Type of Services or Service		
Fee and commission income	1,009.39	841.49
Total revenue from contract with customers	**1,009.39**	**841.49**
Geographical markets		
India	1,009.39	841.49
Outside India	-	-
Total revenue from contract with customers	**1,009.39**	**841.49**
Timing of revenue recognition		
Services transferred at a point in time	1,009.39	841.49
Services transferred over time	-	-
Total revenue from contracts with customers	**1,009.39**	**841.49**

Contract Balances

Particulars	As at 31st March 2020	As at 31st March 2019
Trade receivables	-	12.35
Fees and other receivables	49.23	-

Impairment allowance recognised on contract balances is ₹3.40 Lakh (March 2019 ₹Nil)

24. Net gain on fair value changes

Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
Net gain/ (loss) on financial instruments at fair value through profit or loss		
On trading portfolio		
Realised	714.70	1,273.07
Unrealised	-	12.89
Total	**714.70**	**1,285.96**

25. Other Income

Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
Income from other Services	13.42	13.42
Interest on Income Tax Refund	32.61	-
Cheque bounce charges	79.12	18.91
Bad debts recovery (refer Note 27)	694.56	303.97
Miscellaneous Income	25.69	29.87
Total	**845.40**	**366.16**

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26. Finance Cost

Particulars	For the year ended 31st March 2020 On Financial liabilities measured at Amortised Cost	For the year ended 31st March 2019 On Financial liabilities measured at Amortised Cost
Interest expense on:-		
- Debt securities	8,644.95	7,781.83
- Borrowings (other than debt securities)	1,682.57	1,149.42
Interest expense on lease liability	323.22	325.73
Other borrowing costs		
Other borrowing cost *	669.13	385.42
Total	**11,319.87**	**9,642.41**

* Other Borrowing cost includes stamp duty.

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.

Particulars	For the year ended 31st March 2020 On Financial instruments measured at Amortised cost	For the year ended 31st March 2019 On Financial instruments measured at Amortised cost
Loans	9,938.52	8,667.36
Security Deposits	-1.05	10.45
Non Fund Based Exposure	-2.46	53.49
Total	**9,935.01**	**8,731.30**

During the year, the company has written off loans amounting to ₹8,196.38 Lakh (for the year ended 31st March 2019 – ₹5,581.61 Lakh). Also, during the year the Company has recovered an amount of ₹1,221.81 Lakh (for the year ended 31st March 2019 – ₹747.29 Lakh) against current year and previous years' written off amounts. Out of the total recovered amount, an amount of ₹527.25 Lakh (for the year ended 31st March 2019 – ₹443.32 Lakh) has been netted off against impairment on financial instruments on loans for current year, as it relates to the amounts written off during the year. The remaining recovery of ₹694.56 Lakh (for the year ended 31st March 2019 – ₹303.97 Lakh) are treated as Other Income under Note 25, as it relates to the amounts written off during the previous years.

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 2020					For the year ended 31st March 2019				
	Stage 1	Stage 2	Stage 3	Simplified approach	Total	Stage 1	Stage 2	Stage 3	Simplified approach	Total
Loans and advances to customers	952.49	49.42	740.24	-	1,742.15	1,781.86	-66.93	1,370.81	-	3,085.74
Bad debts written off	-	-	6,947.68	-	6,947.68	-	-	4,784.85	-	4,784.85
Principal loss on settlement	-	-	-	-	1,248.70	-	-	-	-	796.76
Sub-Total	**952.49**	**49.42**	**7,687.92**	**-**	**9,938.53**	**1,781.86**	**-66.93**	**6,155.66**	**-**	**8,667.35**
Non Fund Based Exposure	13.57	-1.70	-14.34	-	-2.46	30.93	2.05	20.51	-	53.49
Security deposits	-	-	-	-1.05	-1.05	-	-	-	10.45	10.45
Sub-Total	**13.57**	**-1.70**	**-14.34**	**-1.05**	**-3.51**	**30.93**	**2.05**	**20.51**	**10.45**	**63.94**
Total impairment loss	**966.06**	**47.72**	**7,673.58**	**-1.05**	**9,935.02**	**1,812.79**	**-64.87**	**6,176.17**	**10.45**	**8,731.30**

28. Employee benefit expense

Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
Salaries and wages	6,335.83	5,817.54
Contribution to provident and other funds	155.56	106.46
Gratuity expenses	38.44	54.89
Share based payments to employees	196.51	464.03
Staff welfare expenses	138.93	234.16
Total	**6,865.28**	**6,677.08**

29. Depreciation, amortisation and impairment

Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
Depreciation of tangible assets	128.63	183.84
Amortisation of intangible assets	57.41	32.96
Depreciation on right-of-use asset	819.17	758.22
Total	**1,005.21**	**975.02**

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30. Other expenses

Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
Marketing Expenses	112.25	218.36
Professional & Legal Fees	514.85	601.37
Rent - Short term leases	15.51	34.95
Commission & Brokerage	2,299.13	2,727.99
Travelling & Lodging Expenses	164.87	172.69
IT Services Expenses	331.87	236.53
Fee & Stamp Charges	347.44	505.94
Terminal deployment charges	900.62	614.10
Service Tax & GST Expensed Out	721.56	668.59
Rates & Taxes	3.43	7.49
Auditors' Remuneration (a)	27.82	20.41
Insurance expenses	85.53	79.66
Office and Maintenance Expenses	209.65	187.15
Power and Fuel Charges	89.58	106.56
Telephone & Internet Charges	90.67	125.99
Verification and Rating charges	219.77	223.32
Bank charges	79.20	43.00
Outsource Agency Cost	779.65	767.49
Miscellaneous Expenses	120.74	71.49
Total	**7,114.13**	**7,413.07**

(a) Audit Remuneration include fees payable to auditor as analysed below:

Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
As auditor:		
Statutory audit of the Company	24.50	18.50
Certification fees	2.50	1.50
Out of Pocket expenses	0.82	0.41
TOTAL	**27.82**	**20.41**

Amounts recognised in profit and loss for ROU Assets and Lease Liabilities

Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
Depreciation expense on right-of-use assets	819.17	758.22
Interest expense on lease liabilities	323.22	325.73

Expenditure in foreign currency during the year:

Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
Professional and legal fees	-	9.40
Other borrowing cost	225.53	-
Marketing Expenses	11.57	-
IT Services Expenses	13.31	-
TOTAL	**250.41**	**9.40**

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31. Income Tax

The components of income tax expense for the year ended 31st March 2020 and 31st March 2019 are:

Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
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	-112.88	-1,053.56
Total tax charge	**840.80**	**-1,053.56**

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 2019 and 31st March 2020 is, as follows:

Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
Accounting profit before tax	537.50	-3,224.45
At India's statutory income tax rate of 25.168% (for the year ended 31st March 2019: 29.12%)	135.28	-938.96
Effects of:		
Deferred Tax on brought forward loss adjusted to the extent of tax on Profit for the year	38.58	
Tax on Short Term Capital Gain and Income from other sources	214.23	-
Creation of Deferred Tax on account of Other Ind AS adjustments	-151.46	-1,053.56
Tax effect of permanent differences	33.93	-
	135.28	**-938.96**
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	**840.80**	**-1,992.52**

The effective income tax rate for 31st March 2020 is 25.17% (for the year ended 31st March 2019 is 29.12%).

Deferred Tax

The following table shows deferred tax recorded in the balance sheet and changes recorded in the Income tax expense:

	Deferred Tax Assets	Deferred Tax Liabilities	Income Statement	OCI
Particulars	As at 31st March 2020	As at 31st March 2020	For the year ended 31st March 2020	For the year ended 31st March 2020
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	-	-130.78	-
Total	**3,110.46**	**-**	**-343.69**	**100.16**
Net Amount	**3,110.46**			

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Particulars	Deferred Tax Assets As at 31st March 2019	Deferred Tax Liabilities As at 31st March 2019	Income Statement For the year ended 31st March 2019	OCI For the year ended 31st March 2019
Brought Forward Loss	793.02	-	75.37	-
Depreciation, amortisation and impairment	51.36	-	16.70	-
Lease Adjustments	71.93	-	34.81	-
Impairment allowance for financial assets	2,222.56	-	762.69	-
ESOP Expenses	70.38	-	62.44	-
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.	144.75	-	101.53	-
Total	**3,354.00**	**-**	**1,053.55**	**-**
Net Amount	**3,354.00**			

Particulars	Deferred Tax Assets As at 1st April 2018	Deferred Tax Liabilities As at 1st April 2018
Brought Forward Loss	717.64	-
Depreciation, amortisation and impairment	34.66	-
Lease Adjustments	37.12	
Impairment allowance for financial assets	1,459.87	-
ESOP Expenses	7.94	-
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.	43.21	-
Total	**2,300.44**	**-**
Net Amount	**2,300.44**	

Taxation Laws (Amendment) Ordinance 2019 promulgated during the year, has inserted section 115BAA in the Income Tax Act, 1961, providing existing domestic companies with an option to pay tax at a concessional rate of 22% plus applicable surcharge and cess. The reduced tax rates come with the consequential surrender of specified deduction/incentives. The option needs to be exercised within the prescribed time for filing the return of income under section 139(1) of the Income Tax Act, 1961 for assessment year (AY) 2020-21 or subsequent AYs. Once exercised, such an option cannot be withdrawn for the same or subsequent AYs. These financial results are prepared on the basis that the Company would avail the option to pay income tax at the lower rate. Consequently, the opening deferred tax asset (net) has been measured at the lower rate with a one-time corresponding charge of ₹457 Lakh to the Statement of Profit and Loss.

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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 2020	For the year ended 31st March 2019
Net profit/(loss) attributable to ordinary equity holders of the parent	-622.41	-2,134.65
Less: Dividend to Preference Shareholders	-0.46	-0.46
Profit/(loss) available for equity shareholders	-622.87	-2,135.11
Weighted average number of ordinary shares for basic earnings per share	**65,668,292**	**65,164,269**
Weighted average number of equity shares outstanding during the year	18,000,600	18,000,600
Dilutive impact of weighted average number of Compulsory Cumulative Convertible Preference Shares	45,644,009	45,644,009
Dilutive impact of weighted average number of ESOP	2,023,683	1,519,660
Face value of per share	10.00	10.00
Earnings per share		
Basic earnings per share (₹)	-3.46	-11.86
Diluted earnings per share (₹)	-3.46	-11.86

Notes:
1. Since diluted EPS are anti-dilutive hence, the disclosure is restricted to basic EPS.
2. Weighted average shares mentioned above are numbers.

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 March 21, 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 Lakhs 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 21st March 2018 approved for short closing the ESOP 2017 and approved revised ESOP 2018 scheme.
For the year ended 31st March 2020 following Employee Stock Option Plans (ESOPs) were in existence. The relevant details of the schemes and the grants are as below:

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	1,883,884	421,000
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

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Details of Vesting

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 2020, 31st March 2019 or 31st March 2018.

* 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 each plan

	ESOP 2018		ESOP 2017	
	No. of Options	Weighted Avg. Exercise Price	No. of Options	Weighted Avg. Exercise Price
Outstanding as at 1st April 2018	-		421,000	61.06
Granted during the year	1,823,884	159.47	-	-
Forfeited during the year	-145,000	159.47	-	-
Exercised during the year	-	-	-	-
Outstanding as at 31st March 2019	**1,678,884**	**-**	**421,000**	**-**
Outstanding as at 1 April 2019	1,678,884	159.47	421,000	61.06
Granted during the year	60,000	159.47	-	-
Forfeited during the year	-85,500	159.47	-23,800	65.21
Exercised during the year	-	-	-	-
Outstanding as at 31st March 2020	**1,653,384**	**159.47**	**397,200**	**60.81**
Vested and exercisable as at 31st March 2020	**609,077**		**281,400**	
Weighted average remaining contractual life (in years)	4		3	

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:

	For the year ended 31st March 2020	For the year ended 31st March 2019
Risk-free interest rate	6.55% to 7.06%	6.82% to 7.60%
Expected life of options (years)	5 years	5 years
Expected volatility (%)	21.75%	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.

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The expense recognised for employee services received during the year is shown in the following table:

	For the year ended 31st March 2020	For the year ended 31st March 2019
Expense arising from equity-settled share based payment transactions	196.51	464.03
Expense arising from cash-settled share based payment transactions	-	-
Total expense arising from share based payment transactions	**196.51**	**464.03**

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 ₹149.89 Lakh (for the year ended 31st March 2019: ₹106.02 Lakh) for Provident Fund contributions (including admin charges) and ₹5.67 Lakh (for the year ended 31st March 2019: ₹0.44 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 seaprately in Note 28

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

Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
Current service cost	37.13	51.75
Interest expense	5.82	6.17
Interest income	-4.51	-3.03
Total Expenses recognised in Statement of profit and loss	**38.44**	**54.89**
Remeasurement (or Actuarial) (gain)/loss arising from:		
-change in demographic assumptions	-0.01	-54.56
-change in financial assumptions	6.74	23.78
-experience variance (i.e. Actual experience vs assumptions)	11.87	-8.96
-others		
Return on plan assets excluding interest income	2.71	3.51
Total Expenses recognised in other comprehensive income	**21.31**	**-36.24**

Balance Sheet
(2) Reconciliation of present value of the obligation and the fair value of plan assets:

Particulars	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
Defined benefit obligation	140.64	88.67	81.20
Fair value of plan assets	106.84	68.68	39.94
Asset/(liability) recognised in the balance sheet	-33.80	-20.00	-41.26

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(3) Changes in the present value of the defined benefit obligation are as follows:

Particulars	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
Opening defined benefit obligation	88.67	81.20	56.73
Transfer in/Out			
Interest cost	5.82	6.17	4.25
Current service cost	37.13	51.75	43.21
Benefits paid	-9.00	-10.71	-
Past Service Cost	-	-	6.59
Remeasurement (or Actuarial) (gain)/loss arising from:			
-change in demographic assumptions	-0.01	-54.56	-12.35
-change in financial assumptions	6.74	23.78	-1.53
-experience variance (i.e. Actual experience vs assumptions)	11.87	-8.96	-15.70
-others			
Closing defined benefit obligation	**141.22**	**88.67**	**81.20**
Less: Amount paid by Fund but yet to be paid to employee	-0.58	-	-
Net Closing defined benefit obligation	**140.64**	**88.67**	**81.20**

Note:
Amount of ₹0.58 Lakh has been released by LIC to the Company w.r.t. gratuity payment to an left employee, while the same has not yet been received by the employee.

(4) Changes in the fair value of plan assets are as follows:

Particulars	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
Opening fair value of plan assets	68.68	39.94	-
Transfer in/Out			
Interest income	4.51	3.03	-
Contributions by employer	45.95	39.91	40.00
Benefits paid	-9.58	-10.71	-
Return on plan assets excluding interest income	-2.71	-3.51	-0.06
Closing fair value of plan assets	**106.84**	**68.68**	**39.94**

(5) The principal assumptions used in determining gratuity obligations for the Company's plans are shown below:

Particulars	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
Discount rate	5.00%	6.55%	7.60%
Salary growth rate	8.00%	8.00%	7.00%
Attrition rate			
Customer Acquisition Manager ('CAMS')	70%	70%	Age upto 44 years - 15%
			Age above 44 years - 2%
Other than CAMS	35%	35%	Age upto 44 years - 15%
			Age above 44 years - 2%
Mortality rate	100% of IALM 2012-14	100% of IALM 2006-08	100% of IALM 2006-08

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(6) Investments quoted in active markets:

Particulars	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
Funds managed by the issuer	100%	100%	100%
Total	**100%**	**100%**	**100%**

(7) Expected payment for future years

Particulars	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
Within the next 12 months (next annual reporting period)	45.08	27.94	5.07
Between 2 and 5 years	84.84	56.58	31.62
Between 5 and 10 years	31.55	22.29	47.41
Beyond 10 years	6.02	4.34	103.43
Total expected payments	**167.49**	**111.15**	**187.53**

The Company expects to contribute ₹71.84 Lakh to the fund in the next financial year.

The weighted average duration of the defined benefit obligation as at 31st March 2020 is 3 years (as at 31st March 2019: 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.

The principal assumptions used in determining leave encashment obligations for the Company's plans are shown below:

Particulars	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
Discount rate	5.00%	6.55%	7.60%
Salary growth rate	8.00%	8.00%	7.00%
Normal retirement age	58 years	58 years	58 years
Mortality Rate	100% of IALM 2012-14	100% of IALM 2006-08	100% of IALM 2006-08
Attrition rate			
Customer Acquisition Manager ('CAMS')	70%	70%	Age upto 44 years - 15%
			Age above 44 years - 2%
Other than CAMS	35%	35%	Age upto 44 years - 15%
			Age above 44 years - 2%

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.

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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:

Particulars	As at 31st March 2020	As at 31st March 2019
Defined Benefit Obligation (Base)	141.22	88.67

Particulars	As at 31st March 2020		As at 31st March 2019	
	Decrease	Increase	Decrease	Increase
Discount Rate (-/+ 1%)	145.93	136.79	91.61	85.91
(% change compared to base due to sensitivity)	3.30%	-3.10%	3.30%	-3.10%
Salary Growth Rate (-/+ 1%)	136.89	145.72	85.92	91.54
(% change compared to base due to sensitivity)	-3.10%	3.20%	-3.10%	3.20%
Attrition Rate (-/+ 50% of attrition rates)	196.28	112.90	122.31	70.06
(% change compared to base due to sensitivity)	37.90%	-21.00%	39.00%	-20.00%
Mortality Rate (-/+ 10% of mortality rates)	141.20	141.24	88.65	88.69
(% change compared to base due to sensitivity)	0.00%	0.00%	0.00%	0.00%

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.

Particulars	As at 31st March 2020			As at 31st March 2019			As at 1st April 2018		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Assets									
Financial assets									
Cash and cash equivalents	16,560.60	-	16,560.60	3,697.40	-	3,697.40	5,065.09	-	5,065.09
Bank Balance other than above	5.91	-	5.91	180.34	-	180.34	382.78	-	382.78
Derivative financial instruments	-	550.84	550.84	-	-	-	-	-	-
Trade receivables	-	-	-	12.35	-	12.35	59.28	-	59.28
Loans	78,526.69	46,004.33	124,531.02	70,261.27	24,491.73	94,753.00	67,594.39	6,941.43	74,535.82
Investments	-	-	-	15,447.89	-	15,447.89	29,334.95	-	29,334.95
Other financial assets	117.20	1,696.84	1,814.04	169.70	368.22	537.92	63.07	357.30	420.37
Non-financial Assets									
Deferred tax assets (net)	-	3,110.46	3,110.46	-	3,354.00	3,354.00	0.01	2,300.43	2,300.44
Property, plant and equipment	-	195.59	195.59	-	197.79	197.79	-	258.21	258.21
Right-of-use assets	-	2,426.57	2,426.57	-	2,361.73	2,361.73	-	2,484.44	2,484.44
Capital work-in-progress	-	-	-	39.50	-	39.50	-	-	-
Other intangible assets	-	91.87	91.87	-	92.28	92.28	-	70.74	70.74
Other non financial assets	609.41	767.40	1,376.81	505.80	972.55	1,478.35	315.60	589.03	904.64
Total assets	**95,819.81**	**54,843.90**	**150,663.71**	**90,314.25**	**31,838.30**	**122,152.55**	**102,815.18**	**13,001.59**	**115,816.77**
Liabilities									
Financial Liabilities									
Trade payables									
total outstanding dues of creditors other than micro enterprises and small enterprises	171.46	-	171.46	165.54	-	165.54	229.41	-	229.41
Debt Securities	25,424.33	47,877.89	73,302.22	26,245.92	43,047.23	69,293.16	6,213.96	51,254.84	57,468.80
Borrowings (other than debt securities)	8,591.47	25,726.30	34,317.77	4,923.95	4,379.69	9,303.64	8,733.37	4,475.71	13,209.08
Other Financial liabilities	1,250.92	2,242.90	3,493.82	850.47	2,039.35	2,889.82	783.10	2,151.95	2,935.05
Non-financial Liabilities									
Provisions	859.98	250.78	1,110.76	1,577.25	224.92	1,802.17	1,300.25	229.58	1,529.82
Other non-financial liabilities	220.41	-	220.41	187.29	-	187.29	247.90	-	247.90
Total Liabilities	**36,518.58**	**76,097.87**	**112,616.44**	**33,950.42**	**49,691.19**	**83,641.62**	**17,507.98**	**58,112.08**	**75,620.06**
Net	**59,301.23**	**-21,253.97**	**38,047.26**	**56,363.83**	**-17,852.90**	**38,510.93**	**85,307.19**	**-45,110.48**	**40,196.71**

Note:

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.

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36. Change in liabilities arising from financing activities
Changes in liabilities arising from financing activities

Particulars	As at 31st March 2019	Cash Flows	Exchange difference	Others	As at 31st March 2020
Debt Securities	69,293.16	4,225.33	-	-216.27	73,302.22
Borrowings other than debt securities	9,303.64	23,963.07	948.80	102.26	34,317.77
Total	**78,596.79**	**28,188.40**	**948.80**	**-114.00**	**107,619.99**

37. Contingent liabilities, commitments
(A) Contingent Liabilities

Particulars	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
Statutory Liabilities			
The Company's contingent liability comprise of claims against the Company primarily by the proceedings pending with Service Tax authorities in relation to input credit availed disallowed for FY 2014 - 2015. The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed the contingent liabilities where applicable, in its financial statements. The Company has received favourable order in the above matter from Commissioner (Appeals) of GST & Central Excise subsequent to balance sheet date via order dated 25th April, 2019.	-	145.30	-
Bank Guarantees			
Bank Guarantee given by Banks for renovation of work to be carried out by Mumbai Head Office	5.00	5.00	-
Total	**5.00**	**150.30**	**-**

(B) Commitments

Particulars	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
Commitments related to loans sanctioned but undrawn			
PayLater Open Limits (refer Note 18)	1,483.22	939.11	80.97
Other Commitments			
Capital commitments	20.64	-	-
Total	**1,503.86**	**939.11**	**80.97**

38. Related party disclosures
(A) List of Related Parties with whom Company had transaction

Enterprise where Key Managerial Personnel has significant influence or control
InnoWorth Technologies Private Limited
Dilta Services LLP

Key Managerial Personnel	
Mr. Piyush Kumar Khaitan	Managing Director
Mr. Arun Nayyar (from 1st August 2018)	Chief Executive Officer (CEO)
Mr. B Ravi Kumar	Chief Financial Officer (CFO) & Company Secretary (CS)
Mr. Sanjoy Shome (upto 5th June 2018)	Chief Operating Officer (COO)
Directors	
Mr. Dhruv Kumar Khaitan	Chairman
Mr. BS Nagesh (upto 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 2nd April 2019)	Director
Mr. Ganesh Rengaswamy	Director
Mr. Prashasta Seth	Director
Mr. Micheal Fernandes	Director

Mr. Pranav Kumar	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/ as at 31st March 2020	For the year ended/ as at 31st March 2019	As at 1st April 2018	For the year ended/ as at 31st March 2020	For the year ended/ as at 31st March 2019	As at 1st April 2018	For the year ended/ as at 31st March 2020	For the year ended/ as at 31st March 2019	As at 1st April 2018	For the year ended/ as at 31st March 2020	For the year ended/ as at 31st March 2019	As at 1st April 2018
Transactions												
For infrastructure maintenance charges recovered	13.42	13.42	-	-	-	-	-	-	-	-	-	-
Managerial Remuneration	-	-	-	47.20	47.32	-	-	-	-	-	-	-
Professional fees	-	-	-	-	-	-	19.50	18.00	-	-	-	-
Remuneration	-	-	-	449.35	341.51	-	-	-	-	-	-	-
Balances												
Receivables (Unsecured)	-	-	1.21	-	-	-	-	-	-	-	-	-
Deposit for accommodation	-	-	-	7.00	7.00	7.00	-	-	-	-	-	-

Note:

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.

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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.

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.

Regulatory capital	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
TIER I capital	34,206.18	34,334.98	37,613.16
TIER II capital	1,708.32	1,507.56	1,403.36
Total capital	**35,914.50**	**35,842.54**	**39,016.52**
Risk weighted assets	136,665.97	120,605.18	112,268.71
Tier I CRAR	25.03%	28.47%	33.50%
Tier II CRAR	1.25%	1.25%	1.25%
Tier I + II CRAR	26.28%	29.72%	34.75%

Regulatory capital consists of TIER I capital, which comprises share capital, share premium, retained earnings including current year loss less accrued dividends. Certain adjustments are made to Ind AS–based results and reserves, as prescribed by the Reserve Bank of India.

As per RBI guidelines, the Company being a Non-Banking Finance Company has to maintain 15% of capital adequacy ratio for NBFC business.

40. Events after reporting date
There have been no events after the reporting date that require disclosure in these financial statements.

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.

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Level 3: valuation technique with significant unobservable inputs: financial instruments valued using valuation techniques where one or more significant inputs are unobservable.

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 2020

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**

31st March 2019

Assets measured at fair value on a recurring basis	Level-1	Level-2	Level-3	Total
Financial assets held for trading				
Mutual funds	15,447.89	-	-	15,447.89
Total financial assets measured at fair value	**15,447.89**	**-**	**-**	**15,447.89**

1st April 2018

Assets measured at fair value on a recurring basis	Level-1	Level-2	Level-3	Total
Financial assets held for trading				
Mutual funds	29,334.95	-	-	29,334.95
Total financial assets measured at fair value	**29,334.95**	**-**	**-**	**29,334.95**

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).

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 2020 is ₹Nil (As at 31st March 2019 - ₹15,435.00 Lakh ; As at 1st April 2018 - ₹29,290.59 Lakh)

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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

			Fair Value			
31st March 2020	**Valuation**	**Carrying Value**	**Level-1**	**Level-2**	**Level-3**	**Total**
Financial assets:						
Cash and cash equivalents	At amortised cost	16,560.60	553.79	16,006.81	-	16,560.60
Bank balance other than above	At amortised cost	5.91	-	5.91	-	5.91
Trade receivables	At amortised cost	-	-	-	-	-
Loans	At amortised cost	124,531.02	-	-	124,531.02	124,531.02
Other Financial Assets	At amortised cost	1,814.04	-	-	1,814.04	1,814.04
Total financial assets		**142,911.57**	**553.79**	**16,012.72**	**126,345.07**	**142,911.57**
Financial liabilities:						
Trade payables	At amortised cost	171.46	-	-	171.46	171.46
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		**111,285.27**	**-**	**-**	**111,285.27**	**111,285.27**
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**

There are no transfer of assists/liabilities between Level 1, Level 2 and Level 3 during the current year as well as previous year.

			Fair Value			
31st March 2019	**Valuation**	**Carrying Value**	**Level-1**	**Level-2**	**Level-3**	**Total**
Financial assets:						
Cash and cash equivalents	At amortised cost	3,697.40	3,697.40	-	-	3,697.40
Bank balance other than above	At amortised cost	180.34	-	180.34	-	180.34
Trade receivables	At amortised cost	12.35	-	-	12.35	12.35
Loans	At amortised cost	94,753.00	-	-	94,753.00	94,753.00
Other Financial Assets	At amortised cost	537.92	-	-	537.92	537.92
Total financial assets		**99,181.01**	**3,697.40**	**180.34**	**95,303.27**	**99,181.01**
Financial liabilities:						
Trade payables	At amortised cost	165.54	-	-	165.54	165.54
Debt securities	At amortised cost	69,293.16	-	-	69,293.16	69,293.16
Borrowings (other than debt securities)	At amortised cost	9,303.64	-	-	9,303.64	9,303.64
Other Financial liabilities	At amortised cost	2,889.82	-	-	2,889.82	2,889.82
Total financial liabilities		**81,652.15**	**-**	**-**	**81,652.15**	**81,652.15**
Off balance sheet items						
Other commitments	At amortised cost	939.11	-	-	939.11	939.11
Total off-balance sheet items		**939.11**	**-**	**-**	**939.11**	**939.11**

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1st April 2018	Valuation	Carrying Value	Fair Value			
			Level-1	Level-2	Level-3	Total
Financial assets:						
Cash and cash equivalents	At amortised cost	5,065.09	5,065.09	-	-	5,065.09
Bank balance other than above	At amortised cost	382.78	-	382.78	-	382.78
Trade receivables	At amortised cost	59.28	-	-	59.28	59.28
Loans	At amortised cost	74,535.82	-	-	74,535.82	74,535.82
Other Financial Assets	At amortised cost	420.37	-	-	420.37	420.37
Total financial assets		**80,463.34**	**5,065.09**	**382.78**	**75,015.47**	**80,463.34**
Financial liabilities:						
Trade payables	At amortised cost	229.41	-	-	229.41	229.41
Debt securities	At amortised cost	57,468.80	-	-	57,468.80	57,468.80
Borrowings (other than debt securities)	At amortised cost	13,209.08	-	-	13,209.08	13,209.08
Other Financial liabilities	At amortised cost	2,935.05	-	-	2,935.05	2,935.05
Total financial liabilities		**73,842.34**	**-**	**-**	**73,842.34**	**73,842.34**
Off balance sheet items						
Other commitments	At amortised cost	80.97	-	-	80.97	80.97
Total off-balance sheet items		**80.97**	**-**	**-**	**80.97**	**80.97**

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.

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, which reports to the Audit Committee.

The Risk Management Committee has the overall responsibility for the development of the risk strategy and implementing principles, frameworks, policies and limits. The Credit and Risk Management Committee is responsible for managing 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 policy is that risk management processes throughout the Company are audited annually by the Internal Auditors, who examine both the adequacy of the procedures and the Company's compliance with the procedures. Internal Auditors discuss the results of all assessments with the management, and reports their findings and recommendations to the Audit Committee of the Board and the Credit and Risk Management Committee.

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.

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 Risk Controlling Unit (based on economic considerations rather than the Ind AS hedge accounting regulations). The effectiveness of all the hedge relationships is monitored by the Risk Controlling Unit 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.

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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).

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 & Risk Management Committee. The Audit Committee of the Board & the Credit and Risk Management Committee receives a comprehensive risk report once a quarter 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 that they decide to take on. The Company's continuous training and development emphasises that employees are made aware of the Company's risk appetite and they are supported in their roles and responsibilities to monitor and keep their exposure to risk within the Company's risk appetite limits.

42.2 Credit risk
Credit risk is the risk 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.

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

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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 on time to time restructuring of loans, in line with regulatory norms

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 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.

42.2.2.3 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.

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 (& till the time the exposure is written off) 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 determine whether an exposure is subject to 12 month ECL or Lifetime ECL The Company assesses whether there has been an event which could cause a significantly increase in the credit risk of the underlying asset or the customers ability to pay and accordingly change the 12 month ECL to a lifetime ECL. of any security. An asset can move in & out of lifetime expected loss category based upon whether it has undergone a significant increase in credit risk Possible significant increase in credit risk (SICR) events 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.

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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. The Company also continues to explore new sources of borrowing and concluded two USD denominated External Commercial Borrowings (ECB) transactions during the financial year FY 2019 - 2020. These USD denominated transactions were fully hedged upon origination, in line with the Company's Board approved Foreign Exchange Risk Management Policy.

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 2020 as below:

a. Funding Concentration based on significant counterparty

Particulars	As at 31st March 2020
Number of significant counter parties	20
Amount	105,956.39
Percentage of funding total borrowings	**98.46%**

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.

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b. Top 10 borrowings (by counterparty)

Particulars	As at 31st March 2020
Total Borrowings	107,610.24
Top 10 Borrowings	94,566.27
Top 10 as a percentage of total borrowings	**87.88%**

c. Funding Concentration by Instrument#

Name of the instrument	As at 31st March 2020	% of Total
Non-Convertible Debentures (NCD)	73,292.45	68.11%
External Commercial Borrowings (ECB)	17,187.49	15.97%
Term Loans	16,226.47	15.08%
Total	**106,706.42**	

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 *	0.80%
Other Short Term Debt - as a percentage of total assets	0.60%

* Total Liabilities does not include Total Equity.

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):

Regulatory capital	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
Within 1 Year	42,676.26	38,296.81	22,110.10
Over 1 years to 2 Years	39,237.38	36,925.86	32,181.09
Over 2 years to 3 Years	30,763.58	8,763.17	23,038.28
Over 3 years to 5 Years	13,895.57	8,555.49	9,890.80
	126,572.78	**92,541.33**	**87,220.27**

Notes:

1. The Company considers Put/Call option dates for the purpose of reporting maturity pattern of Borrowings including debt securities.

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The table below summarises the maturity profile of the undiscounted cashflow of Trade Payable and Other Financial Liabilities:

Particulars	As at 31st March 2020		As at 31st March 2019		As at 31st March 2018	
	Trade Payable	Other Financial Liabilities	Trade Payable	Other Financial Liabilities	Trade Payable	Other Financial Liabilities
Within 1 Year	171.46	1,250.91	165.54	850.47	229.41	783.10
Over 1 years to 3 Years	-	1,800.90	-	1,643.21	-	1,334.75
Over 3 years to 5 Years	-	404.03	-	396.15	-	817.20
Above 5 Years	-	37.97	-	-	-	-
TOTAL	**171.46**	**3,493.81**	**165.54**	**2,889.82**	**229.41**	**2,935.05**

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.

42.4.1 Total market risk exposure

Particulars	As at 31st March 2020			As at 31st March 2019			As at April 01, 2018			Primary risk sensitivity
	Carrying amount	Traded risk	Non-traded risk	Carrying amount	Traded risk	Non-traded risk	Carrying amount	Traded risk	Non-traded risk	
Assets										
Cash and cash equivalents	16,560.60	-	16,560.60	3,697.40	-	3,697.40	5,065.09	-	5,065.09	interest rate
Other bank balances	5.91		5.91	180.34	-	180.34	382.78		382.78	interest rate
Derivative financial instruments	550.84	550.84	-	-	-	-	-	-	-	interest rate/ Foregin Exchange
Trade receivables	-	-	-	12.35	-	12.35	59.28	-	59.28	interest rate
Loans	124,531.02	-	124,531.02	94,753.00	-	94,753.00	74,535.82	-	74,535.82	interest rate
Financial investments at FVTPL	-	-	-	15,447.89	15,447.89	-	29,334.95	29,334.95	-	interest rate and equity price
Other Financial Assets	1,814.04		1,814.04	537.92	-	537.92	420.37	-	420.37	interest rate
Total	**143,462.41**	**550.84**	**142,911.57**	**114,628.90**	**15,447.89**	**99,181.01**	**109,798.29**	**29,334.95**	**80,463.34**	
Liabilities										
Trade payables	171.46	-	171.46	165.54	-	165.54	229.41	-	229.41	interest rate
Debt securities	73,302.22	-	73,302.22	69,293.16	-	69,293.16	57,468.80	-	57,468.80	interest rate
Borrowings (other than debt securities)	34,317.77	-	34,317.77	9,303.64	-	9,303.64	13,209.08	-	13,209.08	interest rate/ Foregin Exchange
Other financial liabilities	3,493.82	-	3,493.82	2,889.82	-	2,889.82	2,935.05	-	2,935.05	interest rate
Total	**111,285.27**	**-**	**111,285.27**	**81,652.15**	**-**	**81,652.15**	**73,842.34**	**-**	**73,842.34**	

42.4.1 Market risk non-trading

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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 2020		As at 31st March 2019	
	Impact on p rofit before tax	Impact on equity	Impact on profit before tax	Impact on equity
25 basis point down	12.38	9.26	10.45	7.41
50 basis point down	24.77	18.54	20.91	14.82
25 basis point up	-12.38	-9.26	-10.45	-7.41
50 basis point up	-24.77	-18.54	-20.91	-14.82

Borrowings with floating rate structure has been considered for interest rate sensitivity analysis

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 of 31st March 2020		As of 31st March 2019		1st April 2018	
	US$ in Lakh	Amount	US$ in Lakh	Amount	US$ in Lakh	Amount
External Commercial Borrowings (ECB)	225.81	17,086.09	-	-	-	-
Derivative Financial Instrument *	-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.

42.4.1.4 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.

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 instalments 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

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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 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 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 additional provision recognised in the financials for the year ended 31st March 2020, towards COVID-19 impact, is ₹1,582 Lakh. The Company's impairment loss allowance estimates are highly uncertain and, as a result, actual results may differ from these estimates.

43. First-time adoption of Ind AS

These financial statements, for the year ended 31st March 2020 are the first financial statements of the Company and have been prepared in accordance with Ind AS. For periods up to and including the year ended 31st March 2019, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP or previous GAAP).

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for year ended on 31st March 2020, together with the comparative period data as at and for the year ended 31st March 2019, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at 1st April 2018, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at 1st April 2018 and the financial statements as at and for the year ended 31st March 2020.

Exemptions applied:

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following exemptions:

> A first-time adopter may opt to continue with the carrying value for all of its PPE as recognised in its previous GAAP financial as deemed cost at the transition date. However, it makes necessary adjustments for decommissioning liabilities to be included in the carrying value of PPE. The Company has used Ind AS 101 exemption and continued with the carrying value as recognised in previous GAAP as deemed cost on the transition date.

> Under Ind AS 109, if an entity measures a financial instrument on initial recognition based on valuation techniques that only use observable market data or current market transactions in the same instrument, and the fair value at initial recognition is different from the transaction price, then it is required to recognise the 'day one' gain or loss at initial recognition of this financial instrument. Ind AS 101 allows an entity to apply the 'day one' gain or loss recognition requirement of Ind AS 109 prospectively to transactions entered into on or after the date of transition to Ind AS.

The Company has opted for this exemption to recognise the 'day one' gain or loss on initial recognition arising due to difference in transaction cost and fair value prospectively for transactions entered into on or after the date of transition to Ind AS.

> Ind AS 109 requires a financial asset to be measured at amortised cost if it meets two tests that deal with the nature of the business that holds the assets and the nature of the cash flows arising on those assets. A first-time adopter must assess whether a financial asset meets the conditions on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

Ind AS 101 also contains mandatory exception related to classification of financial asset which states that conditions for classifying financial assets to be tested on the basis of facts and circumstances existing at the date of transition to Ind AS instead of the date on which it becomes party to the contract.

The Company has opted to classify all financial assets and liabilities based on facts and circumstances existing on transition date.

> As per Ind AS 101 – An entity shall apply the exception to the retrospective application in case of "Derecognition

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of financial assets and financial liabilities" wherein a first-time adopter shall apply the Derecognition requirements in Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind ASs. For example, if a first time adopter derecognised non-derivative financial assets or non-derivative financial liabilities in accordance with its previous GAAP as a result of a transaction that occurred before the date of transition to Ind ASs, it shall not recognise those assets and liabilities in accordance with Ind ASs (unless they qualify for recognition as a result of a later transaction or event).

The Company has opted not to re-evaluate financial assets derecognised in the past including those sold to asset restructuring companies.

Estimates:

The estimates at 1st April 2018 and as at 31st March 2019 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies) apart from the following items where application of Indian GAAP did not require estimation:

> FVPTL/FVOCI – equity and debt instrument

> Impairment of financial assets based on expected credit loss model

The estimates used by the Company to present these amounts in accordance with Ind AS reflect conditions at 1st April 2018, the date of transition to Ind AS and as of 31st March 2020.

Hedge accounting:

The Company enters in to derivative contracts only for risk management purposes, however Company did not apply the requirement of hedge accounting in previous GAAP. Therefore, on transition to Ind AS, the Company has applied the requirement of Ind AS 109, relating to hedge accounting prospectively from the date of transition to Ind AS.

Compound financial instruments

When the liability component of a compound financial instrument is no longer outstanding at the date of transition to Ind AS, a first-time adopter may elect not to apply Ind AS 32 retrospectively to split the liability and equity components of the instrument components of the instrument.

Equity reconciliation for 1st April 2018

Particulars	Notes	Previous GAAP	Adjustments	Ind AS
ASSETS				
Financial Assets				
Cash and cash equivalents	4	5,065.09	-	5,065.09
Bank balance other than above	5	382.78	-	382.78
Receivables				
Trade receivables	7	59.28	-	59.28
Loans	8	79,460.83	-4,925.00	74,535.82
Investments	9	29,290.59	44.36	29,334.95
Other financial assets	12	783.19	-362.82	420.37
Total (A)		**115,041.76**	**-5,243.46**	**109,798.30**
Non-financial assets				
Deferred tax assets (net)	31	-	2,300.43	2,300.43
Property, plant and equipment	10	258.21	-	258.21
Right-of-use assets	11	-	2,484.44	2,484.44
Other intangible assets	13	70.74	-	70.74
Other non-financial assets	14	1,169.35	-264.71	904.63
Total (B)		**1,498.30**	**4,520.16**	**6,018.47**
Total Assets (A+B)		**116,540.06**	**-723.30**	**115,816.76**
Liabilities and equity				

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Particulars	Notes	Previous GAAP	Adjustments	Ind AS
Liabilities				
Financial liabilities				
Payables				
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		229.41	-	229.41
Debt securities	15	51,464.67	6,004.13	57,468.80
Borrowings (other than debt securities)	16	8,902.84	4,306.24	13,209.08
Other financial liabilities	17	11,238.26	-8,303.21	2,935.05
Total (C)		**71,835.18**	**2,007.16**	**73,842.34**
Non-financial liabilities				
Provisions	18	1,840.86	-311.03	1,529.83
Other non-financial liabilities	19	247.90	-	247.90
Total (D)		**2,088.76**	**-311.03**	**1,777.73**
Total Liabilities (C+D)		**73,923.94**	**1,696.13**	**75,620.06**
Equity				
Equity share capital	20	6,364.46	-9.10	6,355.36
Other equity	21	36,251.67	-2,410.33	33,841.34
Total equity		**42,616.13**	**-2,419.43**	**40,196.70**
Total liabilities and equity		**116,540.06**	**-723.30**	**115,816.76**

The Indian GAAP figures have been reclassified to confirm to Ind AS presentation requirements for the purpose of this note.

Equity reconciliation for 31st March 2019

Particulars	Notes	Previous GAAP	Adjustments	Ind AS
ASSETS				
Financial Assets				
Cash and cash equivalents	4	3,697.40	-	3,697.40
Bank balance other than above	5	180.34	-	180.34
Receivables				-
Trade receivables	7	12.35	-	12.35
Loans	8	102,669.10	-7,916.10	94,753.00
Investments	9	15,435.00	12.89	15,447.89
Other financial assets	12	1,224.02	-686.10	537.92
Total (A)		**123,218.21**	**-8,589.31**	**114,628.90**
Non-financial assets				
Deferred tax assets (net)	31	-	3,354.00	3,354.00
Property, plant and equipment	10	197.79	-	197.79
Right-of-use assets	11	-	2,361.73	2,361.73
Capital work-in-progress		39.50	-	39.50
Other intangible assets	13	92.28	-	92.28
Other non-financial assets	14	1,575.96	-97.62	1,478.35
Total (B)		**1,905.53**	**5,618.10**	**7,523.64**
Total Assets (A+B)		**125,123.74**	**-2,971.21**	**122,152.54**
Liabilities and equity				
Liabilities				
Financial liabilities				
Payables				
Trade Payables				

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Particulars	Notes	Previous GAAP	Adjustments	Ind AS
(i) total outstanding dues of micro enterprises and small enterprises		-		-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		165.54	-	165.54
Debt securities	15	43,160.00	26,133.16	69,293.16
Borrowings (other than debt securities)	16	6,410.85	2,892.79	9,303.64
Other financial liabilities	17	29,753.65	-26,863.83	2,889.82
Total (C)		**79,490.03**	**2,162.12**	**81,652.15**
Non-financial liabilities				
Provisions	18	2,165.15	-362.98	1,802.17
Other non-financial liabilities	19	187.29	-	187.29
Total (D)		**2,352.44**	**-362.98**	**1,989.46**
Total Liabilities (C+D)		**81,842.48**	**1,799.14**	**83,641.61**
Equity				
Equity share capital	20	6,364.46	-9.10	6,355.36
Other equity	21	36,916.81	-4,761.24	32,155.57
Total equity		**43,281.27**	**-4,770.34**	**38,510.93**
Total liabilities and equity		**125,123.74**	**-2,971.21**	**122,152.54**

The Indian GAAP figures have been reclassified to confirm to Ind AS presentation requirements for the purpose of this note.

Profit Reconciliation for the year ended 31st March 2019

Particulars	Notes	Previous GAAP	Adjustments	Ind AS
Revenue from operations				
Interest income	22	24,910.92	2,809.90	27,720.82
Fee and commission income	23	3,726.39	-2,884.90	841.49
Net gain on fair value changes	24	1,317.43	-31.47	1,285.96
Total Revenue from operations		**29,954.74**	**-106.47**	**29,848.27**
Other Income	25	366.16		366.16
Total Income (I + II)		**30,320.91**	**-106.47**	**30,214.43**
Expenses				
Finance cost	26	9,246.13	396.28	9,642.41
Impairment on financial instruments	27	5,680.20	3,051.10	8,731.30
Employee benefit expenses	28	6,424.83	252.25	6,677.08
Depreciation, amortisation and impairment	29	216.80	758.22	975.02
Other expenses	30	8,320.76	-907.70	7,413.07
Total Expenses (IV)		**29,888.73**	**3,550.16**	**33,438.88**
Profit/(loss) before exceptional items and tax (III - IV)		**432.18**	**-3,656.63**	**-3,224.45**
Exceptional items		-	-	-
Profit/(loss) before tax (V- VI)		**432.18**	**-3,656.63**	**-3,224.45**
Tax Expense:				
(1) Current tax		-	-	-
(2) Earlier years adjustments		-	-	-
(3) Deferred tax charge/(credit)	31	-	-1,053.56	-1,053.56
Profit/(loss) for the period		**432.18**	**-2,603.07**	**-2,170.89**
Other Comprehensive Income				
Items that will not be classified to profit or loss (specify items and amounts)				
Remeasurement gain/(loss) on defined benefit plan		-	36.24	36.24
Subtotal (A)		**-**	**36.24**	**36.24**

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Particulars	Notes	Previous GAAP	Adjustments	Ind AS
(i) Items that will be classified to profit or loss (specify items and amounts)		-	-	-
(ii) Income tax relating to items that will be reclassified to profit or loss		-	-	-
Subtotal (B)		**-**	**-**	**-**
Other Comprehensive Income (A + B)		**-**	**36.24**	**36.24**
Total Comprehensive Income for the period		**432.18**	**-2,566.83**	**-2,134.65**

The Indian GAAP figures have been reclassified to confirm to Ind AS presentation requirements for the purpose of this note.

Notes to the reconciliation of equity as at 1st April 2018 and 31st March 2019 and Profit or Loss for the year ended 31st March 2019

1. EIR

a. Under Indian GAAP, transaction costs charged to customers was recognised upfront while under Ind AS, such costs are included in the initial recognition amount of financial asset and recognised as interest income using the effective interest method. Consequently loan to customers on date of transition date have decreased by ₹120.26 Lakh The impact of ₹170.39 Lakh for the ended 31st March 2019 has been taken to Profit and loss.

b. Unamortised expense on borrowing was recorded as an asset in the balance sheet under Indian GAAP. The same is reversed under Ind AS. As a result, the retained earnings as on the transition date has decreased by ₹170.50 Lakh. Impact for the year ended 31st March 2019 was ₹70.55 Lakh has been taken to the Profit and loss account.

2. Recording of impairment as per ECL

Under IGAAP, NPA provisioning was computed based on the RBI guidelines with accelerate provision. Under Ind AS, the impairment is computed based on Expected Credit Loss model. Under ECL, the Company impaired its loans to customers by ₹11,451.41 Lakh which has been eliminated against retained earnings. This has resulted in an additional impairment provision of ₹4,731.71 Lakh on the date of transition to Ind AS the impact of which was taken to retained earnings. Impact for the year ended 31st March 2019 was ₹3,040.65 Lakh has been taken to the Profit and loss account.

3. Interest income on NPA

Under IGAAP, interest income on NPA was recognised on cash basis. However, under Ind AS the interest income on NPA is recorded based on EIR and ECL provision is provided on the same. As a result of recording interest income on NPA, the retained earnings as on transition date has increased by ₹26.49 Lakh. The impact for the year 31st March 2019 was ₹52.73 Lakh has been taken to Profit and Loss.

4. Fair valuation of security deposit

The Company has given interest free security deposit in the form of rental advance for branches taken on lease. Such deposits have been fair valued under Ind AS. As a result of the fair valuation, there has been a reduction in the balance of security deposits to the extent of ₹161.06 Lakh impact of which was taken to retained earnings as on 1st April 2018. The impact of ₹42.65 Lakh for the year ended 31st March 2019 has been taken in Profit and loss.

5. Fair valuation of ESOP

Under IGAAP, ESOP was recorded using the Intrinsic Value method. However, under Ind AS, ESOP is recorded using Fair value method. As a result of this there was an increase/decrease in the valuation of ESOP as on the transition date by ₹Nil which has lead to increase/reduction in the retained earnings. The impact for the year ended 31st March 2019 is ₹216.01 Lakh which has been taken to the profit and loss.

6. Deferred Tax

Indian GAAP requires deferred tax accounting using the statement of profit and loss approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences, which was not required under Indian GAAP.

In addition, the various transitional adjustments lead to temporary differences. According to the accounting policies, the Company has to account for such

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differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or a separate component of equity. As a result of Ind AS adjustments, the deferred tax assets as on 1st April 2018 has increased by ₹2,300.43 Lakh leading to an increase in retained earnings. The impact for the year 31st March 2019 is ₹1,053.56 Lakh which has been taken to the Profit and loss.

7. Other comprehensive income

Under Indian GAAP, the Company has not presented other comprehensive income (OCI) separately. Hence, it has reconciled Indian GAAP profit or loss to profit or profit or loss as per Ind AS. Further, Indian GAAP profit or loss is reconciled to total comprehensive income as per Ind AS.

8. Statement of cash flows

The transition from Indian GAAP to Ind AS has not had a material impact on the statement of cash flows.

9. Defined benefit liabilities

Both under Indian GAAP and Ind AS, the Company recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under Indian GAAP, the entire cost, including actuarial gains and losses, are charged to profit or loss. Under Ind AS, remeasurements [comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability 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. Thus the employee benefit cost is reduced by ₹36.24 Lakh and recorded as remeasurement gains/losses on employee benefits under OCI.

10. Reclassification of provision of standard/ non-performing assets (NPAs)

Under Indian GAAP provision for NPAs and standard asset were presented under provisions. However, under Ind AS financial assets measured at amortised cost (majorly loans) are presented net of provision for expected credit losses. Consequently, the Company has reclassified the Indian GAAP provisions for standard assets/NPA's amounting to ₹308.26 Lakh and ₹400.47 Lakh as on 1st April 2018 and 31st March 2019, respectively.

44. Regulatory disclosures

44.1 Capital

Particulars	31st March 2020	31st March 2019
i) CRAR (%)	26.28%	29.72%
ii) CRAR - Tier I Capital (%)	25.03%	28.47%
iii) CRAR - Tier II Capital (%)	1.25%	1.25%
iv) Amount of subordinated debt raised as Tier-II capital	-	-
v) Amount raised by issue of Perpetual Debt Instruments	-	-

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44.2 Investments

Particulars	31st March 2020	31st March 2019
(1) Value of Investments		
(i) Gross Value of Investments		
(a) In India		
(b) Outside India	-	15,447.89
(ii) Provisions for Depreciation		
(a) In India		
(b) Outside India	-	-
(iii) Net Value of Investments		
(a) In India		
(b) Outside India	-	15,447.89
(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	-	15,447.89

44.3 Derivatives
44.3.1 Forward Rate Agreement/Interest Rate Swap

Particulars	Current year	Previous year
i) The notional principal of swap agreements	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	1,134.64	-
iv) Concentration of credit risk arising from the swaps	-	-
v) The fair value of the swap book	-	-

44.3.2 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.

44.3.3 Disclosures on Risk Exposure in Derivatives

Particular	Current Year		Previous Year
	Currency Derivatives	Interest rate derivatives	
Derivatives (Notional Principal Amount)			NIL
a) For hedging	4,245.00	11,892.29	
b) For trading	-	-	
Marked to Market Positions			
a) Asset (+)	241.14	309.70	
b) Liability (-)	-	-	
Credit Exposure	-	-	
Unhedged Exposures	-	-	

44.4 Disclosures relating to Securitisation
i) The Company has not entered into Securitisation transactions for the year ended 31st March 2020 and 31st March 2019.

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 2020 and 31st March 2019.

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iii) Details of assignment transactions

The Company has not assigned any financial assets for the year ended 31st March 2020 and 31st March 2019.

vi) Details of non-performing assets purchased/sold

a) Details of non-performing financial assets purchased

Particulars	31st March 2020	31st March 2019
(a) No. of accounts purchased during the year	-	1
(b) Aggregate outstanding	-	33.25
(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	31st March 2020	31st March 2019
1. No of accounts sold	1	-
2. Aggregate outstanding	26.82	-
3. Aggregate consideration received	11.00	-

44.5 Exposures

i) The Company has no exposure to real estate sector during the 31st March 2020 and 31st March 2019.

ii) The Company has no exposure to capital market during the 31st March 2020 and 31st March 2019.

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.

44.6 Miscellaneous
44.6.1 Registration obtained from other financial sector regulators

RBI registration no	B-13.02077
IRDA registration no.	CA0472
Company Identification Number (CIN)	U51504MH1993PTC251544

44.6.2 Disclosure of Penalties imposed by RBI and other regulator
During the year ended 31st March 2020, no penalties have been levied by any regulator on the Company.

44.6.3 Related Party Transaction
Refer Note no. 38 for transactions with related party.

44.6.4 Ratings assigned by credit rating agencies and migration of ratings during the year

Instruments	Credit Rating Agency	31st March 2020	31st March 2019
Long Term Bank	ICRA	[ICRA] BBB (Stable)	[ICRA] BBB (Stable)
Non-Convertible Debenture	ICRA	[ICRA] BBB (Stable)	[ICRA] BBB (Stable)
Non-Convertible Debenture	India Ratings & Research	IND BBB (Stable)	IND BBB (Stable)
Non-Convertible Debenture	CARE	CARE BBB+ (Stable)	CARE BBB+ (Stable)
Commercial Paper	ICRA	-	[ICRA] A2
Cash Credit	ICRA	[ICRA] BBB (Stable)	[ICRA] BBB (Stable)
Working Capital Demand Loan	ICRA	[ICRA] BBB (Stable)	[ICRA] BBB (Stable)

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44.6.5 Remuneration of Directors
No Remuneration or Sitting fees paid or provided to non-executive directors during the year ended 31st March 2020

44.7.1 Provisions and contingencies

Particulars	31st March 2020	31st March 2019
Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account		
Provisions for depreciation on Investment	-	-
Provision towards Stage 3	7,673.58	6,176.17
Provision made towards Income tax	-	-
Other Provision and Contingencies (with details)	-	-
Provision for Standard Assets	1,013.78	1,747.91

44.7.2 Draw Down from Reserves
During the year, the Company has not drawn down any amount from Reserves.

44.7.3 Concentration of Advances, Expenses & NPAs
44.7.3.1 Concentration of Advances

Particulars	31st March 2020
Total Advances to twenty largest borrowers	1,485.66
Percentage of Advances to twenty largest borrowers to Total Advances of the applicable NBFC	1.10%

44.7.3.2 Concentration of Exposures

Particulars	31st March 2020
Total Exposure to twenty largest borrowers/customers	1,501.69
Percentage of Exposures to twenty largest borrowers/customers to Total Exposure of the applicable NBFC on borrowers/customers	1.11%

44.7.3.3 Concentration of Stage 3 assets

Particulars	31st March 2020
Total Exposure to top four Stage 3 accounts	261.34

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	2.92%
Corporate borrowers	-
Services	-
Unsecured personal loans	-
Auto loans	-
Other personal loans	-

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44.7.4 Movement of Stage 3 assets

Particulars	31st March 2020	31st March 2019
Stage 3 assets net of stage 3 provision to net advances (%)	0.79%	1.56%
Movement of Stage 3 (Gross)		
Opening balance	13,787.69	9,545.96
Additions during the year	10,294.01	8,698.52
Reductions during the year	3,800.59	4,456.78
Closing balance	20,281.11	13,787.69
Movement of Net Stage 3		
Opening balance	1,480.03	3,090.54
Additions during the year	184.58	330.53
Reductions during the year	684.51	1,941.04
Closing balance	980.10	1,480.03
Movement of provisions for Stage 3 (excluding provisions on standard assets)		
Opening balance	12,307.66	6,455.41
Provisions made during the year	10,109.44	8,367.99
Write-off/write-back of excess provisions	3,116.09	2,515.74
Closing balance	19,301.01	12,307.66

44.8 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

44.9 Off-balance Sheet SPVs sponsored

The Company does not have any off balance sheet SPV sponsored.

44.10 Disclosure of Complaints

Customer Complaints (As certified by management and relied by Auditors)	Numbers
No. of complaints pending at the beginning of the year	7
No. of complaints received during the year	189
No. of complaints redressed during the year	196
No. of complaints pending at the end of the year	-

44.11 Asset Liability Management (ALM) Maturity pattern of certain items of Assets and Liabilities

Particulars	Deposits	Advances	Investments	Borrowings *	Foreign Currency assets	Foreign Currency liabilities
Over 1 day to 7 days	-	-	-	1,133.82	-	-
Over 8 days to 14 days	-	-	-	52.39	-	-
Over 15 days to 30 days	-	-	-	1,185.58	-	-
Over 1 month to 2 months	-	-	-	1,289.13	-	-
Over 2 months to 3 Months	-	9,771.54	-	763.58	-	-
Over 3 months to 6 months	-	25,253.74	-	15,942.10	-	-
Over 6 months to 1 Year	-	43,501.41	-	13,649.86	-	-
Over 1 year to 3 Years	-	45,162.51	-	60,114.43	-	-
Over 3 years to 5 Years	-	841.82	-	13,489.10	-	-
Over 5 Years	-	-	-	-	-	-
Total	**-**	**124,531.02**	**-**	**107,619.99**	**-**	**-**

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.

Notes
to financial statements for the year ended 31st March 2020

44.12 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'

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	127,279.71	7,443.25	119,836.47	6,873.10	570.14
Standard	Stage 2	3,976.82	262.37	3,714.46	214.75	47.62
Subtotal		**131,256.54**	**7,705.61**	**123,550.92**	**7,087.85**	**617.76**
Non-Performing Assets (NPA)						
Substandard	Stage 3	9,613.51	8,633.42	980.10	961.35	7,672.06
Doubtful						
Doubtful up to 1 year	Stage 3	5,224.05	5,224.05	-	1,044.81	4,179.24
1 to 3 years	Stage 3	5,049.17	5,049.17	-	1,514.75	3,534.42
More than 3 years	Stage 3	301.10	301.10	-	150.55	150.55
Subtotal for Doubtful		**10,574.32**	**10,574.32**	**-**	**2,710.11**	**7,864.21**
Loss Assets	Stage 3	93.28	93.28	-	93.28	-
Subtotal for NPA		**20,281.12**	**19,301.02**	**980.10**	**3,764.74**	**15,536.28**

44.13 Disclosures pursuant to RBI Notification – RBI/2019-20/220 DOR.No.BP.BC.63/21.04.048/2019-20 dated 17th April 17 2020

(1) SMA/overdue categories, where the moratorium/deferment was extended

Asset classification	Total Exposure	ECL Provision
SMA (SMA - 0) including zero DPD	127,279.71	7,443.25
Overdue - Standard	3,976.82	262.37
TOTAL	**131,256.54**	**7,705.62**

(2) Asset classification benefit extension

Asset classification benefit has been extended to 791 accounts having total outstanding of ₹5,668.61 Lakh wherein ₹354.85 Lakh of provision is being carried as on 31st March 2020. All the assets classification benefit from Stage 1 to Stage 2 and Stage 2 to Stage 3 has been considered while deriving at these numbers.

45. 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.

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 Sarvesh Warty
Partner
Membership No. 121411

Dhruv Khaitan
Chairman
(DIN 00002584)

Piyush Khaitan
Managing Director
(DIN 00002579)

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

Arun Nayyar
CEO

Place: Mumbai
Date: 30th June 2020

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

Amount in Lakh

	Particulars		
	LIABILITIES SIDE:		
1	**Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid:**	**Amount Outstanding**	**Amount Overdue**
	a. Debentures (other than falling within the meaning of public deposits*)		-
	- Secured	73,293.12	-
	- Unsecured	-	-
	b. Deferred Credits	-	-
	c. Term Loans	33,413.95	-
	d. Inter-corporate loans and borrowings	-	-
	e. Commercial Paper	-	-
	f. Other Loans - Demand loans	903.82	-
	* Please see Note 1 below		-
	ASSET SIDE:		
2	**Break-up of Loans and Advances including bills receivables [other than those included in(4) below]:**		**Amount Outstanding**
	a. Secured		1,51,537.65
	b. Unsecured		-
3	**Break up of Leased Assets and stocks on hire and other assets counting towards AFC activities**		**Amount Outstanding**
	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		-
	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 in Lakh

Particulars		
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

	Amount net of provision		
Category	**Secured**	**Unsecured**	**Total**
1 Related Parties**			
a. Subsidiaries	-	-	-
b. Companies in the same group	-	-	-
c. Other related parties	-	-	-
2 Other than related parties	1,24,531.02	-	-
Total	**1,24,531.02**	**-**	**-**

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

	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

Particulars	**Book Value (Net of Provisions)**
i. Gross Non-Performing Assets	-
a. Related Parties	20,281.11
b. Other than related parties	
ii. Net Non-Performing Assets	
a. Related Parties	-
b. Other than related parties	980.10
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

LENDING SIMPLIFIED.
GROWTH AMPLIFIED.

NEOGROWTH

Lending simplified. Growth amplified.

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