FIVE STAR
Business Finance Limited

CHALLENGE ACCEPTED 2.0

...resilience under uncertainty

Annual Report
2020 - 2021

FIVE STAR
Business Finance Limited

Vision

Reaching the Unreached through suitable credit solutions

Mission

Provide appropriate credit solutions to the hitherto unreached segment of the market by developing a niche underwriting model, built towards evaluating the twin strengths of the borrowers' intention to repay and ability to repay, with the ultimate objectives of increasing customer satisfaction and maximising stakeholder returns

Corporate Information

Board of Directors

D Lakshmipathy

A Ramanathan

R Anand

Bhama Krishnamurthy

B Haribabu

L R Raviprasad

Thirulokchand Vasan

Vikram Vaidyanathan

G V Ravishankar

Sanjeev Mehra

Gaurav Trehan

Board Observer

Niren Shah

Key Managerial Personnel

K Rangarajan - CEO

G Srikanth - CFO

B Shalini - Company Secretary

Statutory Auditors

B S R & Co. LLP

KRM Tower, 1st and 2nd Floor,

No. 1, Harrington Road, Chetpet, Chennai - 600031

Internal Auditors

Sundaram & Srinivasan

39-A, G K Flats, South Boag Road,

T Nagar, Chennai - 600017

Secretarial Auditor

S Sandeep & Associates

F – 20, Gemini Parsn Apts,

448/ 599, Cathderal Garden Road, Nungambakkam,

Chennai – 600006

Registrar and Transfer Agents

NSDL Database Management Limited

4th Floor, Trade World, 'A' Wing, Kamala Mills Compound,

Lower Parel, Mumbai – 400013

Registered Office

New No 27, Old No 4, Taylor's Road,

Kilpauk, Chennai - 600010

CIN: U65991TN1984PLC010844

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CHAIRMAN'S MESSAGE

Message from The Chairman & Managing Director

Dear Shareholders,

The financial services industry has been going through some turmoil or the other over the past few years with the fervent hope that the next year would will be better than the one that passed. But this has been nothing but a mirage. And then came FY 2021 and the COVID-19 pandemic, which crippled not just the financial services industry but dealt a mighty blow to all of mankind. Starting with the last few days of FY 2020 and the first few months of FY 2021, the entire world was engulfed in gloom and chaos. Each one of us was staring at an unprecedented experience in our entire life. Every road, home and office was shut, the future seemed uncertain, and none of us had any clue of where the world was heading to.

But we did not get bogged down by all the negativity around us; our dreams were not shut; we continued to strongly believe that our dreams had wings which would never let us down and would also take us to where we wanted to be. As the great philosopher Confucius once said, "Our greatest glory lies not in never falling, but in rising every time we fall". COVID could have pushed us down, made us fall, but the indomitable will of every employee of your Company ensured that we rose much stronger, time and again.

I am reminded of the broad theme of my message to all of you during FY 2017 i.e. "Challenge Accepted", when we accepted and overcame some severe challenges, the largest one being in the form of demonetization. But the challenge thrown up by the COVID pandemic not just dwarfed the demonetization challenge, it made demonetization seem like a no challenge. Hence the theme of my message to you this year is pretty much on the same lines as FY 2017 and has been christened as "Challenge Accepted 2.0".

While the challenge thrown by the pandemic was unprecedented and may never again occur in any of our lifetimes, what I am immensely proud of is the resilience shown by your Company amidst the extremely uncertain environment that persisted for almost the entire first half of the year. Each and every employee of your Company stood up to this challenge and ensured that the Company emerged stronger from this challenge.

Despite the pandemic, your Company achieved the following milestones during the financial year ended March 31, 2021.

- Disbursal of about 1,250 Crores despite losing almost half of the year to COVID, which also resulted in the borrower base crossing 1,75,000 during the year.
- Your Company also saw its portfolio growing from about 3,900 Crores to almost 4,500 Crores, an increase of 14% in such a turbulent year.
- Growth in Profit after Tax (PAT) from about 260 Crores to about 360 Crores, an increase of about 37%.
- Gross NPA of 1.02%, which I am sure would be one of the best asset quality metrics across the financial services industry. I would also like to state that this is lower than the 1.37% that your Company had in March 2020. To have achieved such a performance during a pandemic year is nothing sort of a fairy tale result, which would not have materialized but for the efforts of each and every employee of the Company.

Let me also reiterate one more fact at this juncture – while we have navigated the challenge posed by the first wave of the pandemic, there may be many unknowns that may be lurking around the corner, waiting to strike us and push us down. But I am extremely confident that the indomitable will of every single employee of Five Star will ensure that we will not only be able to face each of these challenges but also emerge much stronger from them.

I would also like to update an important development that happened in the month of April 2021. Fascinated by the performance of your Company, some of the existing investors and a couple of new investors came together to infuse more capital and also give a complete exit to one of the early investors viz. Morgan Stanley. Your Company was valued post money, at 1.4 billion dollars, making it a coveted 'Unicorn". The overall deal size of over 234 million dollars, which included a primary infusion of 71 million dollars, about 518 Crores in Indian Rupees, stands testimony to the investor confidence in your Company.

I would also take this opportunity to thank Morgan Stanley and their representative on the Board Mr Arjun Saigal for their contributions over the last 5 years. The name of Morgan Stanley on the cap table of the Company, especially when the Company was significantly smaller, added a lot of credence to your Company and helped in the growth path.

I would also like to extend a warm welcome to the 2 new investors viz. KKR and TVS Capital, who have chosen to invest significant quantum of moneys despite the difficult environment, and I am sure they would find their journey with the Company amply rewarding.

My thanks to all the other stakeholders viz. shareholders, lenders, directors, auditors and other industry stakeholders like rating agencies, regulatory bodies and others - who have been pillars of support to your Company through thick and thin. I look forward to their continued support.

In conclusion, I would like to emphasise one very important aspect that has always stood out, not just during this year but throughout my journey with this wonderful institution. I have always been inspired by the words of the immortal saint Thiruvalluvar and the couplet below is an apt illustration of what I want to emphasise.

ஊழையும் உப்பக்கம் காண்பர் உலைவின்றித்
தாழாது உஞற்று பவர்

This couplet clearly shows the rewards of focussed efforts, where the poet says that those who are able to labour on without fear or faint, will be able to achieve victory over destiny itself.

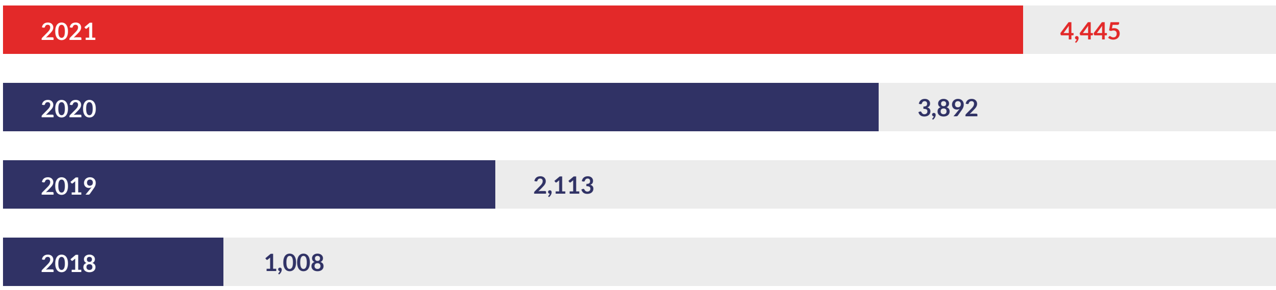
Over the years, the unflinching commitment and dedication demonstrated by every single employee of Five Star helped us face every single challenge that was thrown at us. Challenges may have pushed us to the ground 7 times, but we have gotten up 8; “Never say never” attitude is the hallmark of every employee in Five Star. We did not know what destiny had in store for us, but by collective efforts, we were able to write our own destiny. I am confident, given the quality of our team, we will continue to write our destiny in the years to come.

Best Wishes
D Lakshmipathy
Chairman and Managing Director

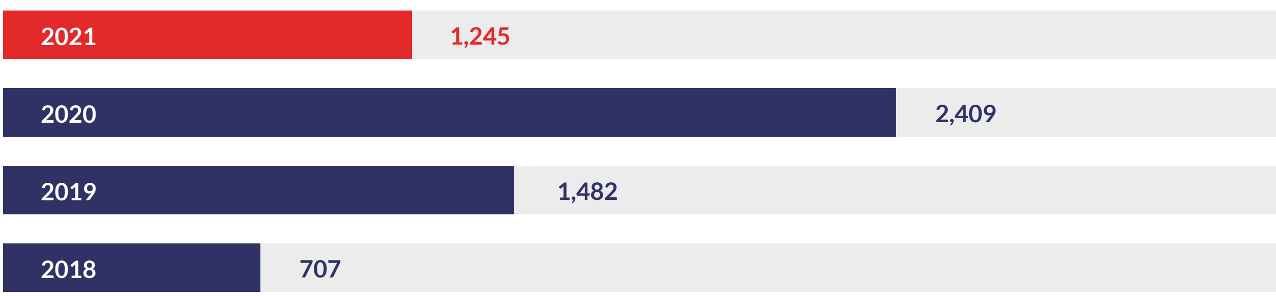
BUSINESS HIGHLIGHTS

Business Highlights

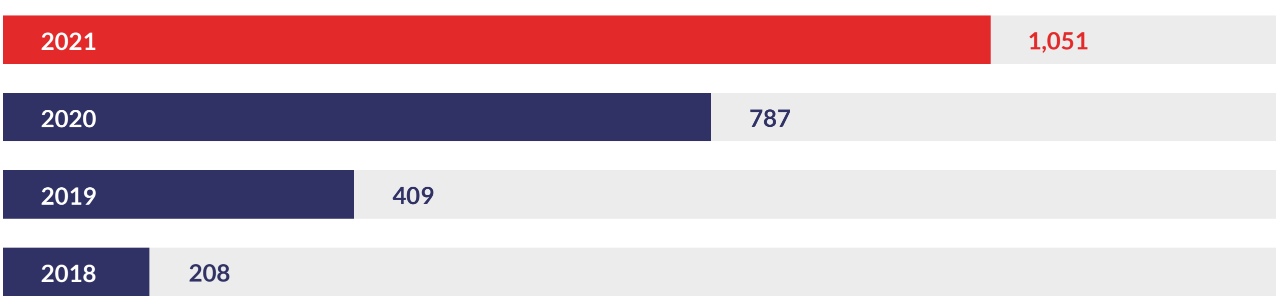
LOAN PORTFOLIO
(In Crores)



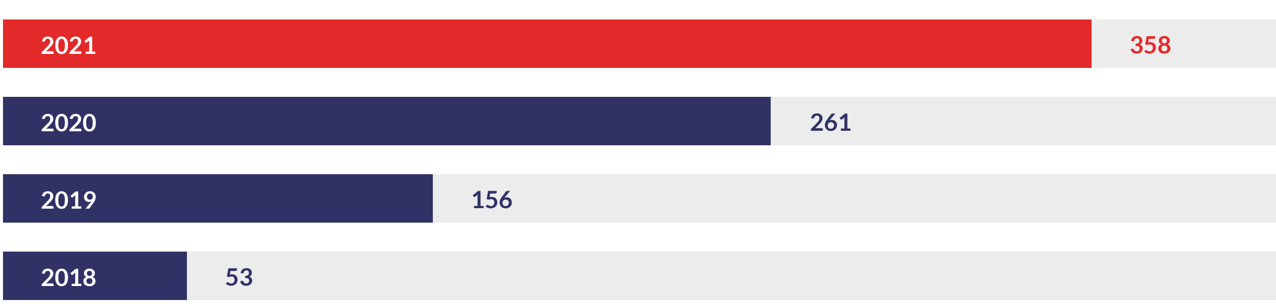
LOAN DISBURSEMENTS
(In Crores)



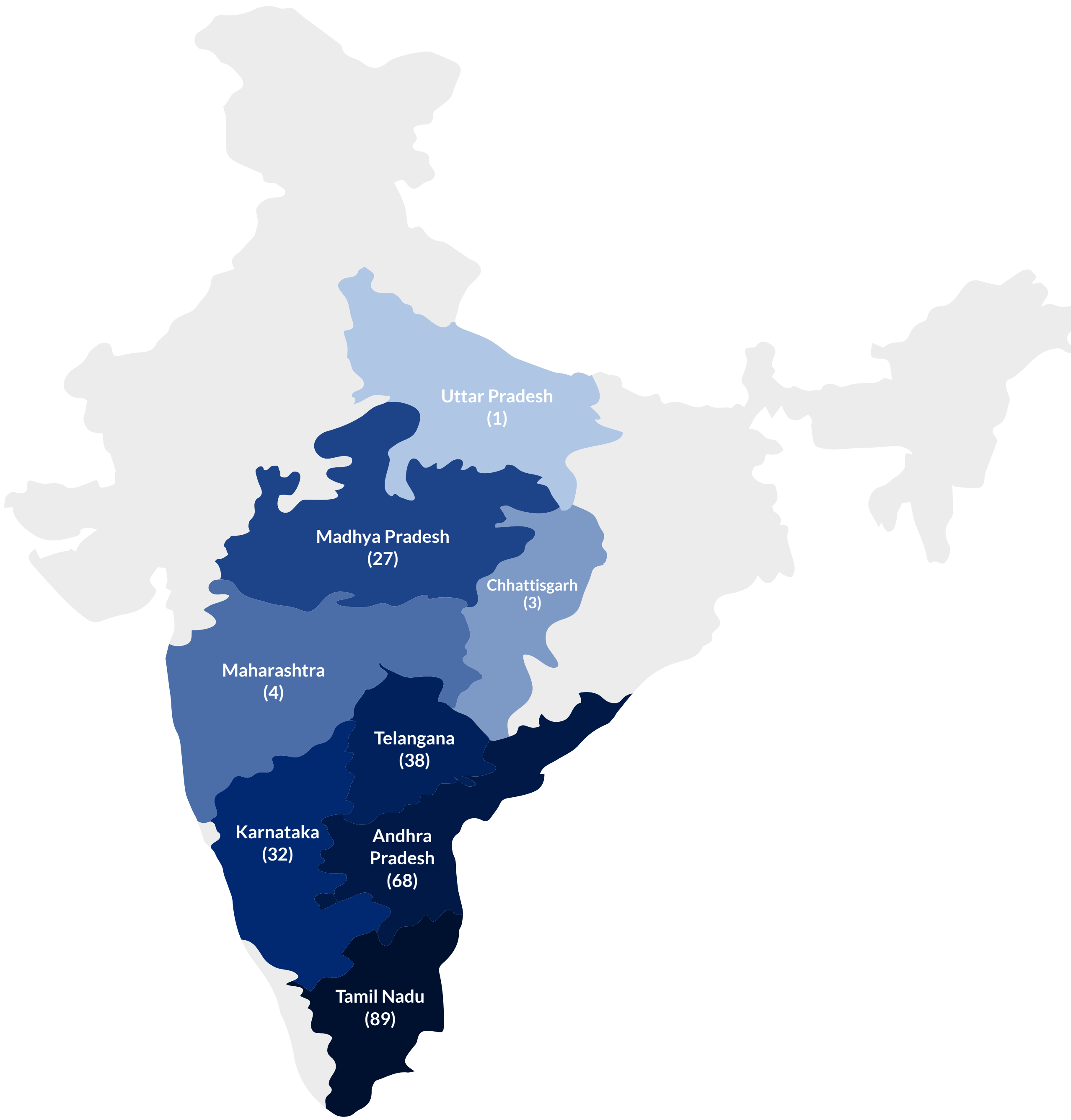
REVENUES
(In Crores)



PROFIT AFTER TAX (PAT)
(In Crores)



Branches



Uttar Pradesh
(1)
Madhya Pradesh
(27)
Chhattisgarh
(3)
Maharashtra
(4)
Telangana
(38)
Karnataka
(32)
Andhra
Pradesh
(68)
Tamil Nadu
(89)

Lending Relationships

Banks

AU Small Finance Bank
Bandhan Bank
Bank of Baroda
Bank of India
Bank of Maharashtra
Capital Small Finance Bank
Central Bank of India
City Union Bank
CSB Bank
DCB Bank
Equitas Small Finance Bank
Federal Bank
ICICI Bank
Indian Overseas Bank
IndusInd Bank
Karnataka Bank
Karur Vysya Bank
Kotak Mahindra Bank
Punjab & Sindh Bank
Punjab National Bank
RBL Bank
SBM Bank
South Indian Bank
State Bank of India
Ujjivan Small Finance Bank
Union Bank of India
Utkarsh Small Finance Bank
Woori Bank
YES Bank

NBFC

Aditya Birla Finance
AK Capital
Arka Fincap
Bajaj Finance Ltd
Cholamandalam Inv & Fin Co Ltd
Hero Fincorp
Hinduja Leyland Finance
MAS Financial Services
Nabkisan Finance
Nabsamruddhi Finance
Northern Arc Capital (formerly IFMR Capital)
Poonawalla Finance
Sundaram Finance
Tata Capital
Vivriti Capital

Others

Ambit Wealth
Franklin Templeton AMC
Karvy Capital
Navi Finserv
Northern Arc Investments *(formerly IFMR Investments)*
responsAbility
SIDBI
Unifi
Vivriti AMC

BOARD OF DIRECTORS

Board of Directors

D Lakshmipathy | Chairman & Managing Director

Lakshmipathy is an Engineering graduate from Madras University. Hailing from an entrepreneurial family, he joined Five-Star in 2002 as an Executive Director. He was responsible for pioneering the current business model of providing secured financial solutions to micro-entrepreneurs and self employed individuals. He has been instrumental in growing the business across geographies, maintaining a stellar asset quality, inducting professionals into the Company's board and management team. He had also been associated with trade bodies like the Finance Companies Association of India and South India Hire Purchase Association in leadership positions.

A Ramanathan | Independent Director

Ramanathan is retired Chief General Manager from NABARD. His expertise lies in Institutional Development, Organisational Development, Organisational Behaviour, Small Business Development, training need assessment, training techniquesetc. He has more than 35 years of rich experience in the banking industry.

R Anand | Independent Director

Anand is a Chartered Accountant with over 30 years of industry experience. He worked in Sundaram Finance for over 20 years occupying several positions in Finance and Audit. He also worked as a Partner in Ernst & Young LLP covering Tax and Regulatory aspects of various industries like Financial Services, Real Estate, Auto and Auto components, Media and Entertainment. His specializations include NBFC Regulations, Corporate Tax and Foreign Investment and Exchange control regulation and Corporate restructuring.

Bhama Krishnamurthy | Independent Director

Bhama was Country Head and Chief General Manager of SIDBI. She has closely dealt with Multilateral and Bilateral Agencies in close co-ordination with the Government of India. Her areas of specialization include, inter-alia, handling of Human Resources Development Division covering recruitment, training and promotion aspects. She was also associated with drafting of CSR Policy guidelines for the Bank.

B Haribabu | Independent Director

Haribabu holds a bachelors degree from Madras University. He hails from a business family and continues the family business of brick manufacturing. He is also the Founder Trustee of Sri Venkateswara College of Technology, Vadakal Village, Mathur Post, Tamil Nadu. He joined the Board of Five-Star in 1996.

L R Raviprasad | Non-Executive Director

Raviprasad holds a Bachelor's degree from Madras University. He hails from a business family and continues the family business of brick manufacturing. He joined the Board of Five-Star in 2002.

V Thirulokchand | Non-Executive Director

Thirulokchand is a Hotel Management Graduate with over 17 years of experience in the Hospitality business. His areas of expertise include Team Management, Customer satisfaction and Process Optimisation.

Vikram Vaidyanathan | Investor Director - Matrix Partners

Vikram is a MBA graduate from IIM Bangalore, and interned at Procter & Gamble, Singapore. He joined McKinsey & Co. after his MBA and worked across a variety of sectors including mobile media, TV, retail, engineering construction and manufacturing. Currently Vikram is one the Managing Directors at Matrix Partners.

G V Ravishankar | Investor Director - SCI Investments V

G V Ravishankar is a Managing Director of Sequoia Capital India. Prior to joining Sequoia, he has also worked at McKinsey in the capacity of an advisor to management teams of top Indian companies. He had also worked at Wipro prior to McKinsey, where he helped several venture-backed networking start-up clients on a wide variety of issues.

He has a Masters in Business Administration from Indian Institute of Management (IIM), Ahmedabad where he was awarded the President's Gold Medal. He also holds a BE in Computer Science and Engineering from REC.

Sanjeev Mehra | Investor Director - TPG Asia VII SF Pte. Ltd.

Sanjeev Mehra is a Director at TPG Capital Asia where he covers the Financial Services and Consumer sectors. He is based in Mumbai and has over 10 years of investing experience. Sanjeev has an MBA from London Business School and an undergraduate degree in Economics from Delhi University.

Gaurav Trehan | Investor Director - Sirius II Pte. Ltd.

Gaurav Trehan is Head of KKR's Private Equity business in India. Prior to joning KKR, he worked in TPG Capital Asia, where he spent more than 15 years and was most recently a Partner in its India office. He has evaluated and executed private equity transactions across a diverse range of sectors in India. Prior to joining TPG, he worked in the Mergers, Acquisitions, and Restructurings Department of Morgan Stanley with a focus on the technology sector.

Niren Shah | Board Observer - Norwest Venture Partners

Niren Shah is a professional with over 20 years of entrepreneurial, finance, operational and investment banking experience with leading consumer oriented companies and global financial institutions. He has advised Norwest's investments in Cholamandalam Finance, Shriram City and many other banks and other institutions. He had served as the Senior Director of Strategy and Ventures at eBay Inc., KPMG, Bombay Stock Exchange prior to moving with Norwest. Niren is a rank holder Chartered Accountant and a gold medallist Masters in Commerce from University of Mumbai.

DIRECTORS' REPORT

Directors' Report

Your directors have pleasure in presenting the 37th Annual Report together with the audited financial statements of the Company for the financial year ended March 31, 2021. The summarised financial results of the Company are presented hereunder:

1. Financial Results - Financial Highlights

₹ in Lakhs

Particulars	March 31, 2021	March 31, 2020
Operating income	104974.22	78671.48
Other Income	151.25	63.25
Less: Expenditure including depreciation	57481.39	43804.68
Profit before taxation	47644.08	34930.05
Provision for taxation	11744.64	8735.01
Profit after taxation	35899.44	26195.04
Other comprehensive income	(78.78)	(111.35)
Total comprehensive income	35820.66	26083.69

Your Company has adopted Indian Accounting Standards (IND AS) notified under Section 133 of Companies Act, 2013, read with Companies (Indian Accounting Standards) Rules 2015.

2. State of Company's Affairs and Future Outlook

As you are aware, your Company continued its financing business by focusing on Small Business Loans and Small Housing Loans which have helped to maintain and improve the financial health and growth of your Company.

During the financial year, your Company disbursed Rs 1245.05 crores towards providing Small Business Loans and Small Housing Loans as against Rs 2408.67 crores during the previous financial year.

Loan Assets

As at March 31, 2021, the total loan assets under management increased to Rs 4445.38 crores from Rs 3892.23 crores during the previous financial year, registering a growth of 14.21%.

Branch Network

During the financial year, your Company added 10 branches resulting in the branch network increasing to 262 from 252 during the previous financial year.

Income, Profit & Networth

Gross Income of the Company during the financial year ended March 31, 2021 amounted to Rs 1051.25 crores, higher by 33.52% over Rs 787.35 crores in the previous year. Profit before tax was at Rs 476.44 crores up by 36.40% over the previous year's Rs 349.30 crores. At Rs 358.99 crores, Profit After Tax was higher by 37.05% over previous year's Rs 261.95 crores. The Company's net worth stood at Rs 2318.17 crores as on March 31, 2021 (Rs 1944.58 crores in the previous financial year).

Asset Quality

This financial year has been one of the toughest, not just for the financial services industry or even the country, but it has had an impact on the entire world. Towards the end of last financial year, the COVID-19 pandemic hit the world. There were country-wide lockdowns which had significant impact on the incomes of the people at large. The Reserve Bank of India came out with measures to mitigate the impact, which included moratorium, restructuring and other liquidity boosting measures. Some semblances of normalcy returned towards the end of first half of the financial year.

Despite the really difficult times during the financial year, your Company closed the year with a Gross Stage 3 Assets (90+ Assets) of 1.02%, which is one of the best amongst companies operating in this customer segment.

Company's business model, coupled with the extremely rigorous underwriting norms, strong execution capability and the never-say-no attitude of an amazing team have contributed to this robust asset quality.

Prospects

The credit business has large potential in India, particularly funding demand from self-employed persons who are the primary customers of your Company. Bulk of your Company's customers belong to this group. Your directors are confident that the knowledge/experience gained so far in this segment will augur well towards building a robust portfolio.

Your Company has already expanded its operations to multiple States and would continue to strive to reach out its operations to more and more under- served customers and help them access credit on reasonable terms by opening more number of branches in the semi urban and rural areas.

Statutory and Regulatory Compliances

Your Company continues to comply with all applicable regulations, directions and prudential norms of the Reserve Bank of India. Your Company has complied with the applicable regulations under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Foreign Exchange Management Act, 1999, Rules and Regulations thereunder.

Your Company has also complied with the provisions of the Secretarial Standard 1 (SS-1) and Secretarial Standard 2 (SS-2) issued by the Institute of Company Secretaries of India relating to 'Meetings of Board of Directors' and 'General Meetings' respectively and has complied with all applicable compliances as required under the Companies Act, 2013.

Capital Adequacy Ratio of your Company stood at 58.86% as on March 31, 2021, as against the minimum requirement of 15% stipulated by Reserve Bank of India.

Credit Rating

As of March 31, 2021, your Company's borrowings enjoy the following ratings from CARE, ICRA and CRISIL.

Rating Agency	Type	Rating
CARE	Long term Bank Facilities	CARE A; Stable
	Short term Bank facilities	CARE A1;
	Non-Convertible Debentures	CARE A; Stable
	Commercial Paper	CARE A1
ICRA	Long term Bank Facilities	ICRA A; Stable
	Non-Convertible Debentures	ICRA A; Stable
	Securitization	ICRA AAA(SO)/ AA+(SO) / AA(SO) / AA-(SO)
CRISIL	DA under PCG Scheme of GoI	CRISIL AA (SO) / AA-(SO)

There were no revisions that took place in the ratings of the Company's borrowings during the financial year under review.

3. Change in Nature of Business

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

4. Dividend

Your Directors have decided not to recommend any dividend for the financial year 2020-21 and the profit for the year will be deployed back into the business.

5. Transfer to Reserves

Your Company has transferred a sum of Rs.71.80 crores to statutory reserve as required under the Reserve Bank of India Act, 1934.

6. Changes in Share Capital and Debentures

During the financial year, your Company has:

a) issued and allotted 1,50,13,750 Secured, Listed, Rated, Redeemable, Taxable, Non-Convertible Debentures on private placement basis on various dates, which were listed in BSE Limited.

b) allotted 61,050 fully paid up Equity Shares of Rs 10.00 each on various dates, pursuant to the Five-Star Associate Stock Option Scheme, 2015.

c) allotted 1,800 fully paid up Equity Shares of Rs 10.00 each on various dates, pursuant to the Five-Star Associate Stock Option Scheme, 2018.

Subsequent to the above mentioned allotments, your Company's capital funds stood at Rs 1417.98 lakhs (aggregate of share captial and securities premium) at the end of March 31, 2021.

7. Employee Stock Option Schemes

Your Company has formulated two Employees Stock Option Schemes, namely Five-Star Associate Stock Option Scheme 2015 (ASOP 2015) and Five-Star Associate Stock Option Scheme 2018 (ASOP 2018). The details of these schemes and other related disclosures are given in **Annexure A** to this report.

8. Annual Return

As per Section 134(3)(a) and Section 92(3) of the Companies Act, 2013 read with Companies (Management and Administration) Rules, 2014, the annual return of the Company for the financial year ended March 31, 2021 is available at the web address: www.fivestargroup.in/reports/

9. Particulars of Loans, Guarantees or Investments under Section 186 of Companies Act, 2013

Being an NBFC, the disclosures regarding particulars of loans given, guarantees given and security provided is exempted under the provisions of section 186(11) of the Act.

During the year under review, the Company has not granted any loans or guarantees or made any investments falling under Section 186 of the Companies Act 2013.

10. Related Party Transactions

The Company has in place a policy on related party transactions as approved by the Board and the same is available at the web address: https://fivestargroup.in/our-policies/

During the financial year, the Company has not entered into any contracts /arrangement / transaction with Related Parties falling under Section 188 of the Act.

11. Material Changes Affecting the Financial Position of the Company

There are no material changes and commitments having an adverse bearing on the financial position of the Company between March 31, 2021 and the date of this report.

12. Information as per Section 134(3)(m) of the Companies Act, 2013

The Company has no activity relating to consumption of energy or technology absorption. During the financial year, the Company does not have foreign currency earnings or expenditure.

13. Information as per clauses (xi) and (xii) of Rule 8(5) of the Companies (Accounts) Rules, 2014

There was no application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016 in respect of the Company during the financial year ended March 31, 2021 and there was no such application made or any proceeding as at March 31, 2021.

The Company has not entered into any one-time settlement with its lenders during the financial year ended March 31, 2021 and therefore the requirements of clause (xii) of Rule 8(5) of the Companies (Accounts) Rules, 2014 are not applicable.

14. Risk Management Policy

Successful mortgage lending calls for timely identification, careful assessment and effective management of the credit, operational, market (interest-rate and liquidity) and reputation risks. The Company has adopted risk management policies, systems and processes that seek to strike an appropriate balance between risk and returns.

The Company has also introduced appropriate risk-management measures, such as accessing the applicant's credit history with credit information bureaus, field investigation of the applicant's credentials, multiple verification layers, adoption of prudent loan to value ratio and analysis and adoption of a conservative debt-service capacity of the borrowers, thorough in-house scrutiny of legal documents, which help understand and assess the borrowers' intention and ability to repay.

Your Company has constituted a Risk Management Committee which inter-alia lays down the review of procedures relating to risk assessment & risk minimization to ensure that executive management controls risk through means of a properly defined framework and review of Credit & Portfolio Risk Management and Operational & Process Risk Management. Your Company also has a Chief Risk Officer, who is responsible for identification, measurement and mitigation of risks and also sensitizing the Board, Committees and Management to any potential risks that may arise on account of Company-specific factors or macro-economic factors.

Your Company has also constituted an Asset Liability Committee (ALCO) which ensures that the liquidity and interest-rate risks are contained within the limits laid down by the Company. Being dynamic, the risk management framework continues to evolve in line with the emerging risk perceptions.

ALCO reviews the lending policy, interest rate policy and guides the team towards prudent lending practices. The Company has given high importance to prudent lending practices and has put in place suitable measures for risk mitigation.

15. Human Resource Development

The customer acquisition, credit delivery, collection process and manpower strength of Non-Banking Financial Companies operating in similar customer profile were studied to align our staff strength after duly factoring for the differences in the business models of other entities. Accordingly, the staff strength at the regions and branches were streamlined, keeping in mind our acquisition process and market segment, adding people across functional verticals where required.

This is expected to help your Company focus on right level of productivity and growth. Apart from imparting advanced training to all front line sales and marketing, credit and other staff which included the KYC and FPC training, employees were given on -the-job and off-the-job training programs.

Your Company has also benchmarked its compensation levels with the market, thus being in a position to attract and retain necessary talent, which is essential for growing the business in the years to come.

Your Company has continued to attract high quality professionals as part of the middle and senior management team and has also been in a position to get the right resources at the branches as well. As of March 31, 2021, your Company had close to 3938 employees across branches, regional offices and Head Office.

16. Directors

During the financial year under review, the following changes took place in the composition of the Board of Directors:

- Mr L R Raviprasad, Non-Executive Director and Mr Vikram Vaidyanathan, Non-Executive Director nominated by Matrix Partners India Investment Holdings II, LLC, retired by rotation at the 36th Annual General Meeting held on August 31, 2020 and were re-appointed.
- Mr Gaurav Trehan, Nominee Director of TPG Asia VII SF Pte. Ltd., resigned from the Board with effect from May 22, 2020.
- Mr Sanjeev Mehra, who was nominated by M/s TPG Asia VII SF Pte. Ltd. and appointed as an Additional Director of the Company by the Board of Directors with effect from June 10, 2020 was regularized as a Non-Executive Director at the 36th Annual General Meeting held on August 31, 2020.

- The re-appointment of Mr B Haribabu as an Independent Director for a second term of 5 years effective March 28, 2020 was approved by the Board at its meeting held on February 27, 2020 and by the shareholders at the 36th Annual General Meeting held on August 31, 2020.
- The re-appointment of Mr Ramanathan Annamalai as an Independent Director for a second term of 15 months effective February 26, 2021 was approved by the Board at its meeting held on February 18, 2021 and by the shareholders at the Extra-Ordinary General Meeting held on April 22, 2021.
- The re-appointment of Mrs Bhama Krishnamurthy as an Independent Director for a second term of 5 years effective April 12, 2021 was approved by the Board at its meeting held on February 18, 2021 and by the shareholders at the Extra-Ordinary General Meeting held on April 22, 2021.

The following changes took place in the composition of the Board of Directors between the financial year end and the date of this report:

- Mr Gaurav Trehan was nominated by M/s Sirius II Pte. Ltd. and appointed as an Additional Director of the Company by the Board of Directors with effect from April 26, 2021 who holds office upto the date of the 37th Annual General Meeting. His position as a Director needs to be regularized by appointing him as a Non-Executive Nominee Director at the 37th Annual General Meeting. Mr Gaurav Trehan, being eligible, has offered himself for re-appointment.
- Mr R Anand, Independent Director was re-appointed by the Board for a second term of 5 years effective July 28, 2021, subject to the shareholders' approval at the ensuing annual general meeting. His re-appointment as an Independent Director is being placed before the shareholders at the 37th Annual General Meeting for their approval.
- Mr Ling Wei Ong, Non-Executive Director nominated by NHPEA Chocolate Holdings, B.V., resigned with effect from April 26, 2021 and consequently, Mr Arjun Saigal, Alternate Director to Mr Lin Wei Ong ceased to hold office with effect from April 26, 2021.

17. Key Managerial Personnel

Pursuant to the provisions of Section 203 of the Companies Act, 2013 read with the rules made there under, the following employees are the whole- time key managerial personnel of the Company as on March 31, 2021:

a. Mr D Lakshmipathy, Chairman and Managing Director
b. Mr K Rangarajan, Chief Executive Officer
c. Mr G Srikanth, Chief Financial Officer
d. Ms Shalini Baskaran, Company Secretary

During the financial year under review, no changes took place in the Key Managerial Personnel of the Company.

The following changes took place in the Key Managerial Personnel of the Company between the financial year end and the date of this report:

- Ms Roopa Sampath Kumar was appointed as the Chief Financial Officer of the Company in place of Mr Srikanth G with effect from June 01, 2021 pursuant to the approval of the Board of Directors at its meeting held on May 28, 2021.

18. Details of Significant & Material Orders passed by Regulators or Courts or Tribunals

During the financial year under review, there are no significant or material orders passed by the regulators or Courts or Tribunals impacting the going concern status and your Company's operations in future.

19. Internal Financial Controls

The Company has a well-established and adequate internal financial control and risk management framework, with appropriate policies and procedures, to ensure the highest standards of integrity and transparency in its operations and a strong corporate governance structure, while maintaining excellence in services to all its stakeholders. Appropriate controls are in place to ensure: (a) the orderly and efficient conduct of business, including adherence to policies, (b) safe guarding of assets, (c) prevention and detection of frauds/errors, (d) accuracy and completeness of the accounting records and (e) timely preparation of reliable financial information. This is further strengthened by the Internal Audit done on regular basis by in house Internal Audit team and the External Internal Auditors of the Company.

Besides, the Company has an Audit Committee, which regularly reviews and monitors systems, internal controls, risk management measures, accounting procedures, financial management and operations of the Company and also the findings and recommendations presented by the Internal Audit team and External Internal Auditors as part of their periodic reports.

Internal control framework including clear delegation of authority and standard operating procedures are established and laid out across all businesses and functions. These are reviewed periodically at all levels. The Company has a co-sourced model of internal audit. The risk and control matrices are reviewed on a quarterly basis and control measures are tested and documented. These measures have helped in ensuring the adequacy of internal financial controls commensurate with the scale of operations of the Company.

Additionally, the Company has also taken the services of an independent consultancy firm to develop and periodically update risk control metrices, develop test plans and carry out independent testing procedures to evaluate the effectiveness of the controls. They present their findings to the Audit Committee, which helps the Committee to understand the strength of the controls and any improvements that may be required, as the Company keeps ramping up its operations.

20. Deposits

The Company did not accept any public deposits during the financial year under review and did not have any public deposits outstanding at the end of the financial year.

21. Declaration from Independent Directors

Every Independent Director, at the first meeting of the Board in which he/she participates as a Director and thereafter at the first meeting of the Board in every financial year, gives a declaration under Section 149(7) of the Companies Act, 2013 that he/she meets the criteria of independence as required under Section 149(6) of the Companies Act, 2013. The Company has received declarations from all the Independent Directors to the effect that they meet the criteria of independence as provided in sub – section (6) of Section 149 of the Act.

In the opinion of the Board of Directors, the Independent Directors of your Company satisfy the attributes as to integrity, experience (including proficiency) and high levels of skill and expertise.

22. Auditors

Statutory Auditors

Pursuant to the provisions of Section 139 of the Companies Act, 2013, M/s B S R & Co. LLP, Chartered Accountants were appointed as the statutory auditors of the Company at the 35th Annual General Meeting (AGM) of the shareholders held on September 25, 2019, to hold office for a period of five financial years up to the conclusion of the 40th AGM.

The Report of the Statutory Auditors to the members is annexed to and forms part of the financial statements and the same does not contain any qualification, reservation or adverse remark on the financial statements prepared as per Section 133 of Companies Act, 2013 and notes on accounts annexed thereto. There were no frauds detected or reported by the Auditors under sub-section (12) of section 143 of the Companies Act, 2013 during the year.

Internal Auditor

To carry out internal audit of its operations, your Company has engaged M/s Sundaram & Srinivasan, Chartered Accountants, as its External Internal Auditors. Their audit is complemented by an In-house audit team. Between then, the scope of internal audit covers the Registered office, Corporate Office and branches of the Company. As part of its efforts to evaluate the effectiveness of the internal control systems, your Company's audit teams evaluate the adequacy of control measures on a periodic basis and recommends improvements, wherever appropriate.

The Audit Committee reviews the internal audit functions, scope of internal audit, as well as the adequacy and effectiveness of the internal systems and controls.

Secretarial Auditor

M/s S Sandeep & Associates, Practicing Company Secretaries were appointed to conduct the secretarial audit of the Company for the financial year 2020-21, as required under Section 204 of the Companies Act, 2013 and rules made thereunder.

The secretarial audit report for the financial year ended March 31, 2021 forms part of the Annual report as **Annexure B.**

23. Maintenance of cost records and cost audit

Maintenance of cost records and requirements of cost audit as prescribed under the provisions of section 148(1) of the Act is not applicable for the business activities carried out by the Company.

24. Information Technology

The IT Strategy Committee of the Company has laid down a comprehensive policy relating to Cyber Security, Business Continuity, Outsourcing and Information Security / Technology, in line with its terms of reference. In its continuous efforts to ensure a secure environment, your Company has built a robust infrastructure and carries out periodic comprehensive vulnerability assessments and penetration testing, to identify and minimize external threats. An independent Information Systems audit has been carried out by Ernst & Young LLP during the financial year.

25. Corporate Social Responsibility (CSR)

Pursuant to Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, your Company has adopted a Policy on CSR and the Policy has been placed in the website of the Company at https://fivestargroup.in/our-policies/. Annual Report on CSR activities for the financial year ended March 31, 2021 is attached as **Annexure C** to this Report.

26. Formal Annual Evaluation

As per 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 Committees. A structured exercise was carried out based on the criteria for evaluation forming part of the Directors Appointment, Remuneration & Evaluation Policy, including framework for performance evaluation of Directors, Board & Committees, Criteria for Evaluation and the inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its committee, attendance at meetings, Board culture, duties of directors, and governance. The aforesaid policy is available at the web address https://fivestargroup.in/our-policies/

A separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board, who were evaluated on parameters such as level of engagement and contribution, independence of judgement, safeguarding the interest of the Company and its stakeholders etc. The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the Chairman and the Non-Independent Directors was carried out by the Independent Directors. The Directors have expressed their satisfaction with the evaluation process.

27. Whistle Blower Policy & Vigil Mechanism

Your Company has established a Vigil Mechanism & has adopted a Whistle Blower Policy for directors and employees to report their genuine concerns to the Chairman of the Audit Committee. The Whistle Blower Policy has been formulated with a view to provide a mechanism for employees and directors to approach the Audit Committee of the Company. The said policy is available at the web address https://fivestargroup.in/our-policies/.

28. Board & its Committees

During the financial year ended March 31, 2021, 6 (Six) Board Meetings were held on April 23, 2020, June 10, 2020, August 18, 2020, November 06, 2020, February 18, 2021 and March 22, 2021 respectively and not more than 120 days elapsed between any two meetings.

The details of composition of the Board and its committees, terms of reference of the committees and the details of meetings held during the financial year are furnished in the Corporate Governance Report, which is enclosed as **Annexure D.**

29. Corporate Governance

Your Company has adopted Internal Guidelines on Corporate Governance. A report on Corporate Governance is enclosed and form part of this report as **Annexure D.**

30. Management Discussion Analysis

A report on Management Discussion Analysis is enclosed and is forming part of this report as **Annexure E.**

31. Disclosures under Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013

The Company has in place a policy named "Policy on Sexual Harassment" in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013 and the same is available at the web address https://fivestargroup.in/our-policies/. The Company has also set up Internal Complaints Committees (ICC) at state levels to redress complaints received regarding sexual harassment.

Your Directors further state that during the year under review, no complaints were received. None was pending unresolved as on March 31, 2021.

32. Particulars of Employees and Related Disclosures

In terms of the provisions of Section 197(12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, necessary disclosures are provided in the Annual Report as **Annexure F.**

33. Impact of COVID 19 Pandemic

The full year impact of the COVID-19 pandemic was felt during the financial year FY 2020-21. The first 5 months of the financial year was almost exclusively dedicated towards collections. The Company had provided moratorium to all the standard borrowers on an opt-out basis. The Company also took it upon itself to educate the borrowers on the pros and cons of moratorium and counselling them to make payments if their cashflows allowed them the ability to do so. Almost the entire staff infrastructure was focused on calling the borrowers and providing the necessary inputs for them to make their decision.

The second half of the financial year saw some easing and your Company also resumed its business operations. As has already been stated, your Company disbursed an amount of INR 1245.05 Crores during the financial year and a major portion of that amount was disbursed during the second half of the year. The strength of your Company's collection machinery was also found in the fact that your Company ended the year with Stage 3 assets (90+ DPD) of 1.02%, which was lower than 1.37%, as at the end of last financial year. Having achieved this during a pandemic year is nothing short of extraordinary.

Additionally, your Company has also managed a good quantum of debt funds during this period, which is a clear testimony of the confidence that lenders have in your Company. Your Company has also raised an amount of about INR 517 Crores from existing and new investors as equity capital, clearly evidencing their confidence in the strength of your Company. This has helped shore up the net worth and also improve the already strong liquidity position.

While it was thought that the country had seen the back of the pandemic, the second wave has emerged and seems to be more impactful than the first wave. This is likely to cause some impact during the current financial year i.e. FY 2021-22, though your Company is of the view that this would not be as extended as the first wave. Your Company believes that it has considered all the possible impact of the known events arising out of COVID-19 pandemic in the preparation of financial results. However, the impact assessment of COVID-19 is a continuing process given its nature and duration. Your Company will continue to monitor any material changes to the future economic conditions and take necessary actions as appropriate.

34. Directors' Responsibility Statement

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

- In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;

- the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the directors have prepared the annual accounts on a going concern basis;
- the directors have laid down internal financial controls, which are adequate and operating effectively and
- the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Acknowledgement

Your Directors wish to thank the customers, bankers, shareholders, service agencies and other stakeholders for their support. The directors also thank the employees for their contribution during the financial year under review.

For and on behalf of the Board of Directors
D Lakshmipathy
Chairman & Managing Director
DIN: 01723269

Place: Chennai
Date: May 28, 2021

1. FIVE-STAR ASSOCIATE STOCK OPTION SCHEME, 2015

The decision to introduce Five-Star Associate Stock Option Scheme, 2015 (hereinafter called "Five-Star ASOP, 2015" or "The Scheme") was taken by the Board of Directors at the meeting held on September 18, 2015, and was approved by the shareholders of the Company at the Extra Ordinary General Meeting held on April 12, 2016.

Pursuant to Rule 12(9) of Companies (Share Capital and Debentures) Rules, 2014, the details of the Five-Star Associate Stock Option Scheme, 2015 as on March 31, 2021 are:

a) Options approved to be issued as ESOPs: 5,63,000
b) Options granted: 5,63,000
c) Options vested: 5,19,900
d) Options exercised: 4,71,900
e) The total number of shares arising as a result of exercise of option: 4,71,900
f) Options lapsed / Surrendered: 1,000
g) Variation of terms of options: Nil
h) Total number of options in force: 5,62,000
i) Money realized by exercise of options: Rs 84.79 lakhs
j) Employee wise details of options granted to:
(i) Key managerial personnel: Mr K Rangarajan - Chief Executive Officer - 3,20,000 options and Mr G Srikanth –Chief Financial Officer - 1,00,000 options
(ii) Any other employee who receives a grant of options in any one year of option amounting to 5 per cent or more of options granted during that year: Nil
(iii) Identified employees who were granted option, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant: Mr K Rangarajan - Chief Executive Officer - 3,20,000 options and Mr G Srikanth –Chief Financial Officer - 1,00,000 options

2. FIVE STAR ASSOCIATE STOCK OPTION SCHEME, 2018

The decision to introduce Five-Star Associate Stock Option Scheme, 2018 (hereinafter called "Five-Star ASOP, 2018" or "The Scheme") was taken by the Board of Directors at the meeting held on February 28, 2018, and was approved by the shareholders of the Company at the Extra Ordinary General Meeting held on March 26, 2018.

Pursuant to Rule 12(9) of Companies (Share Capital and Debentures) Rules, 2014, the details of the Five-Star Associate Stock Option Scheme, 2018 as on March 31, 2021 are:

a) Options approved to be issued as ESOPs: 5,00,000

b) Options granted: 4,11,000*

c) Options vested: 1,800

d) Options exercised: 1,800

e) The total number of shares arising as a result of exercise of option: 1,800

f) Options lapsed / Surrendered: Nil

g) Variation of terms of options: Nil

h) Total number of options in force: 5,00,000

i) Money realized by exercise of options: Rs 12.13 lakhs

j) Employee wise details of options granted to:

(i) Key managerial personnel: Mr K Rangarajan - Chief Executive Officer - 3,00,000* options and Mr G Srikanth –Chief Financial Officer - 75,000 options

(ii) Any other employee who receives a grant of options in any one year of option amounting to 5 per cent or more of options granted during that year: Nil

(iii) Identified employees who were granted option, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant: Mr K Rangarajan - Chief Executive Officer - 3,00,000* options

*includes 30,000 options approved in EGM dated April 22, 2021

For and on behalf of the Board of Directors
D Lakshmipathy
Chairman & Managing Director
DIN: 01723269

Place: Chennai
Date: May 28, 2021

Annexure B

Form No. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31st MARCH 2021
[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

To,
The Members,
Five-Star Business Finance Limited
New No.27, Old No.4, Taylor's Road,
Kilpauk, Chennai – 600010.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices of M/s. Five-Star Business Finance Limited (CIN: U65991TN1984PLC010844) (hereinafter called "the Company"). The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the 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, the explanations and clarifications given to us and the representations made by the Management and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India on account of the outbreak of Covid-19 pandemic we hereby report that in our opinion, the Company has, during the audit, period covering the financial year ended on 31st March, 2021, generally complied with the statutory provisions listed hereunder, and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2021 according to the provisions of:

- The Companies Act, 2013 (the Act) and the rules made thereunder;
- The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder as applicable to the Company;
- The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder as applicable to the Company.
- The Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder as applicable to the extent of Foreign Direct Investment. The Company does not have any External Commercial Borrowings or Overseas Direct Investment.

The following regulations and guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'), to the extent applicable:

- The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 / 2018;

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

The Company has complied with the following laws to the extent applicable specifically to a Non-Banking Financial Company (NBFC):

- Reserve Bank of India Act, 1934, and the RBI Directions and Guidelines as applicable to NBFCs;
- The Prevention of Money Laundering Act, 2002

We have also examined compliance with the applicable Regulations and standards of the following:

- Listing Agreements entered into by the Company with the BSE Limited as per the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for listing of its Non-Convertible Debentures;
- Secretarial Standards (SS-1) for Board Meeting and Secretarial Standards (SS-2) for General Meeting issued by The Institute of Company Secretaries of India in accordance to the Act.

We further report that, during the period under review, the Company has, in our opinion, complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that:

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- Adequate Notice of all the Board meetings was given to all the Directors, along with agenda and detailed notes on agenda were sent and a proper system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting to enable meaningful participation at the meeting.
- Majority decisions were carried through and a proper system exists for capturing and recording the dissenting members' views as part of the minutes.
- The Company has obtained all necessary approvals under the various provisions of the Companies Act, 2013 to the extent applicable; and
- There was no prosecution initiated and no fines or penalties were imposed during the year under review under the Companies Act, 2013, Securities Exchange Board of India Act, 1992, The Securities Contracts (Regulation) Act, 1956, Depositories Act, 1996, Foreign Exchange Management Act, 1999 and Rules, Regulations and Guidelines framed under these Acts against / on the Company, its Directors and Officers.
- The Directors have complied with the disclosure requirements in respect of their eligibility for appointment, their independence, wherever applicable and compliance with the Code of Business Conduct & Ethics for Directors and Management Personnel;

We further report that based on the information received, records maintained and representation received, 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:

- issued and allotted 1,50,13,750 Secured, Listed, Rated, Redeemable, Taxable, Non-Convertible Debentures on private placement basis on various dates, which were listed in BSE Limited.
- allotted 61,050 fully paid up Equity Shares of Rs 10.00 each on various dates, pursuant to the Five-Star Associate Stock Option Scheme, 2015.
- allotted 1,800 fully paid up Equity Shares of Rs 10.00 each on various dates, pursuant to the Five-Star Associate Stock Option Scheme, 2018.
- passed a special resolution under Section 180(1)(c) of the Act at the annual general meeting held on 31st August 2020 fixing the borrowing limits as Rs 7000 Crores (Rupees Seven Thousand Only)
- passed a special resolution for Private Placement of debentures under section 42 and 71 of the Act up to a sum of Rs 3000 Crores (Rupees Three Thousand Crores only).

Place: Chennai	***For S Sandeep & Associates***
Date: May 22, 2021	***S Sandeep***
UDIN: F005853B000308606	***Managing Partner***
Peer Review Certificate No.: 1116/2021	***FCS: 5853 COP: 5987***

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

Annexure I

To,
The Members,
FIVE-STAR BUSINESS FINANCE LIMITED
New No.27, Old No.4, Taylor's Road,
Kilpauk, Chennai – 600010.

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

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and Books of accounts of the Company.

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

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

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

For S Sandeep & Associates
S Sandeep
Managing Partner
FCS: 5853 COP: 5987

Place: Chennai
Date: May 22, 2021

Annexure C

ANNUAL REPORT ON CSR ACTIVITIES FOR FINANCIAL YEAR 2020-21

1. Brief outline on CSR Policy of the Company:

Being an integral part of this society, Five-Star is committed towards giving something back to the society. The Company shall seek to positively impact the lives of the disadvantaged by supporting and engaging in activities that aim to improve their livelihood and well-being. Your Company has chosen to make its contribution in 3 areas – education, health and livelihood – as these are the 3 basic necessities of every human to lead a good life.

Your Company would be undertaking the CSR activities as listed in Schedule VII and Section 135 of the Companies Act, 2013 and the Rules framed thereunder and as per its CSR policy.

2. Composition of CSR Committee:

Name of Director	Designation / Nature of Directorship	No of meetings of CSR Committee held during the year	No of meetings of CSR Committee attended during the year
Mr D Lakshmipathy	Chairman & Managing Director	3	3
Mr R Anand	Independent Director	3	3
Ms Bhama Krishnamurthy	Independent Director	3	3

3. Web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the Company: https://fivestargroup.in/our-policies/

4. Details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014: Not Applicable

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any: Not Applicable

6. Average net profit of the Company as per section 135(5): Rs 21,431.41 lakhs

7. a) Two percent of average net profit of the Company as per section 135(5)	Rs 428.63 lakhs
b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years	Nil
c) Amount required to be set off for the financial year, if any	Nil
d) Total CSR obligation for the financial year (7a + 7b - 7c)	Rs 428.63 lakhs

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

Total Amount Spent for the Financial Year (₹ in lakhs)	Amount Unspent (₹ in lakhs)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount (₹ in lakhs)	Date of transfer	Name of the Fund	Amount (₹ in lakhs)	Date of transfer
278.63	150.00	29-Apr-2021	-	-	-

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

1.	S. No.		A
2.	Name of the Project		Sri Sathya Sai Institute of Educare Project
3.	Item from the list of activities in Schedule VII to the Act		Item no (xii)
4.	Local area (Yes/No)		Yes
5.	Location of the project	State	Tamil Nadu
		District	Chennai
6.	Project duration		3 years
7.	Amount allocated for the project (Rs. In lakhs)		176.13
8.	Amount spent in the current financial Year (Rs. In lakhs)		26.13
9.	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (Rs. In lakhs)		150.00
10.	Mode of Implementation -Direct (Yes/No)		Yes
11.	Mode of Implementation - Through Implementing Agency	Name	Not Applicable
		CSR Registration number	Not Applicable

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

1.	S. No.		A
2.	Name of the Project		Tamil Nadu Disaster Management Fund
3.	Item from the list of activities in Schedule VII to the Act		Item no (xii)
4.	Local area (Yes/No)		Yes
5.	Location of the project	State	Tamil Nadu
		District	Not Applicable
6.	Amount allocated for the project (Rs. In lakhs)		200.00
7.	Mode of Implementation -Direct (Yes/No)		Yes
8.	Mode of Implementation - Through Implementing Agency	Name	Not Applicable
		CSR Registration number	Not Applicable

1.	S. No.		B
2.	Name of the Project		PM CARES Fund
3.	Item from the list of activities in Schedule VII to the Act		Item no (viii)
4.	Local area (Yes/No)		No
5.	Location of the project	State	Not Applicable
		District	Not Applicable
6.	Amount allocated for the project (Rs. In lakhs)		25.00
7.	Mode of Implementation -Direct (Yes/No)		Yes
8.	Mode of Implementation - Through Implementing Agency	Name	Not Applicable
		CSR Registration number	Not Applicable

1.	S. No.		C
2.	Name of the Project		The Pride India
3.	Item from the list of activities in Schedule VII to the Act		Item no (ii)
4.	Local area (Yes/No)		No
5.	Location of the project	State	Not Applicable
		District	Not Applicable
6.	Amount allocated for the project (Rs. In lakhs)		15.00
7.	Mode of Implementation -Direct (Yes/No)		Yes
8.	Mode of Implementation - Through Implementing Agency	Name	Not Applicable
		CSR Registration number	Not Applicable

1.	S. No.		D
2.	Name of the Project		SNEHA (Society for Nutrition Education and Health Action)
3.	Item from the list of activities in Schedule VII to the Act		Item no (i)
4.	Local area (Yes/No)		No
5.	Location of the project	State	Not Applicable
		District	Not Applicable
6.	Amount allocated for the project (Rs. In lakhs)		10.00
7.	Mode of Implementation -Direct (Yes/No)		Yes
8.	Mode of Implementation - Through Implementing Agency	Name	Not Applicable
		CSR Registration number	Not Applicable

1.	S. No.		E
2.	Name of the Project		The United Orphanage for the Disabled
3.	Item from the list of activities in Schedule VII to the Act		Item no (ii)
4.	Local area (Yes/No)		No
5.	Location of the project	State	Tamil Nadu
		District	Not Applicable
6.	Amount allocated for the project (Rs. In lakhs)		2.50
7.	Mode of Implementation -Direct (Yes/No)		Yes
8.	Mode of Implementation - Through Implementing Agency	Name	Not Applicable
		CSR Registration number	Not Applicable

d) Amount spent in Administrative Overheads: Nil

e) Amount spent on Impact Assessment, if applicable: Not Applicable

f) Total amount spent for the Financial Year (8b + 8c + 8d + 8e): Rs 278.63 lakhs

g) Excess amount for set off if any: Nil

9. a) Details of Unspent CSR amount for the preceding three financial years: Not Applicable

b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): Not Applicable

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details) – Not Applicable

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

The Company was required to spend an amount of INR 428.63 lakhs during the financial year ended March 31, 2021, out of which INR 252.50 lakhs has been spent as stated in para 8 above.

Subsequently, pursuant to the recommendations of the CSR Committee, the Board at its meeting held on March 22, 2021 had approved the proposal for commencing an ongoing project for Sri Sathya Sai Institute of Educare, Chrompet, Chennai by earmarking the remaining amount of CSR expenditure pertaining to FY 2020-21 i.e., INR 176.13 lakhs, to be expended from time to time, as stated in para 8(b) above. As on March 31, 2021, the Company has spent INR 26.13 lakhs towards the ongoing project for Sri Sathya Sai Institute of Educare. According to the provisions of the Companies (Corporate Social Responsibility Policy) Rules, 2014, a separate bank account was opened with RBL Bank Limited, T.Nagar branch to which the balance of the allocated CSR amount of INR 150 lakhs for the on going project has been transferred on April 29, 2021.

For and on behalf of the Board of Directors
D Lakshmipathy
Chairman & Managing Director
DIN: 01723269

Place: Chennai
Date: May 28, 2021

CORPORATE GOVERNANCE REPORT

Annexure D

CORPORATE GOVERNANCE REPORT

The fundamental objective of "Good Corporate Governance and Ethics" is to ensure the commitment of an organization in managing the Company in a legal and transparent manner in order to maximize the long-term value for all its stakeholders i.e. shareholders, customers, employees and other partners.

Company Philosophy

Five-Star Business Finance Limited's (Five Star) philosophy on corporate governance envisages adherence to the highest levels of commitment, integrity, transparency, accountability and fairness, in all areas of its business and in all interactions with its stakeholders.

Your Company has adopted a set of internal guidelines on Corporate Governance in line with its philosophy.

Board of Directors

As on the date of this report, your Board of Directors consists of Eleven (11) members including the Chairman cum Managing Director. Of these, four (4) are Independent Directors and six (6) are Non-Executive Directors (out of which four (4) are Nominee Directors).

Mr D Lakshmipathy is the Executive Chairman and Managing Director of the Company.

During the financial year ended March 31, 2021, 6 (Six) Board Meetings were held on April 23, 2020, June 10, 2020, August 18, 2020, November 06, 2020, February 18, 2021 and March 22, 2021 respectively and not more than 120 days elapsed between any two meetings.

Particulars of the Directors' attendance to the Board/Committee Meetings and particulars of their other Company directorships during the financial year ended March 31, 2021 are given below:

Name	Name of Directorship	Attendance		Other Dicrectorship
		Board	Committee	
Mr D Lakshmipathy	Chairman & Managing Director	6	55	-
Mr B Haribabu	Independent Director	6	51	-
Mr Ramanathan Annamalai	Independent Director	6	16	10
Ms Bhama Krishnamurthy	Independent Director	6	11	8
Mr R Anand	Independent Director	6	11	5
Mr L R Raviprasad	Non-Executive Director	4	51	1
Mr Vasan Thirulokchand	Non-Executive Director	6	-	-
Mr Vikram Vaidyanathan	Nominee Director	6	2	12
Mr Ling Wei Ong	Nominee Director	-	-	-
Mr Arjun Saigal	Alternate Director to Mr Ling Wei Ong, Nominee Director	6	-	4
Mr G V Ravishankar	Nominee Director	6	-	17
Mr Sanjeev Mehra	Nominee Director	5	-	2
Mr Gaurav Trehan	Nominee Director	1	-	2

Changes in Board of Directors

During the financial year under review, the following changes took place in the composition of the Board of Directors:

- Mr L R Raviprasad, Non-Executive Director and Mr Vikram Vaidyanathan, Non-Executive Director nominated by Matrix Partners India Investment Holdings II, LLC, retired by rotation at the 36th Annual General Meeting held on August 31, 2020 and were re-appointed.

- Mr Gaurav Trehan, Nominee Director of TPG Asia VII SF Pte. Ltd., resigned from the Board with effect from May 22, 2020.

- Mr Sanjeev Mehra, who was nominated by M/s TPG Asia VII SF Pte. Ltd. and appointed as an Additional Director of the Company by the Board of Directors with effect from June 10, 2020 was regularized as a Non-Executive Director at the 36th Annual General Meeting held on August 31, 2020.

- The re-appointment of Mr B Haribabu as an Independent Director for a second term of 5 years effective March 28, 2020 was approved by the Board at its meeting held on February 27, 2020 and by the shareholders at the 36th Annual General Meeting held on August 31, 2020.

- The re-appointment of Mr Ramanathan Annamalai as an Independent Director for a second term of 15 months effective February 26, 2021 was approved by the Board at its meeting held on February 18, 2021 and by the shareholders at the Extra-Ordinary General Meeting held on April 22, 2021.

- The re-appointment of Mrs Bhama Krishnamurthy as an Independent Director for a second term of 5 years effective April 12, 2021 was approved by the Board at its meeting held on February 18, 2021 and by the shareholders at the Extra-Ordinary General Meeting held on April 22, 2021.

The following changes took place in the composition of the Board of Directors between the financial year end and the date of this report:

- Mr Gaurav Trehan was nominated by M/s Sirius II Pte. Ltd. and appointed as an Additional Director of the Company by the Board of Directors with effect from April 26, 2021 who holds office upto the date of the 37th Annual General Meeting. His position as a Director needs to be regularized by appointing him as a Non-Executive Nominee Director at the 37th Annual General Meeting. Mr Gaurav Trehan, being eligible, has offered himself for re-appointment.

- Mr R Anand, Independent Director was re-appointed by the Board for a second term of 5 years effective July 28, 2021, subject to the shareholders' approval at the ensuing annual general meeting. His re-appointment as an Independent Director is being placed before the shareholders at the 37th Annual General Meeting for their approval.

- Mr Ling Wei Ong, Non-Executive Director nominated by NHPEA Chocolate Holdings, B.V., resigned with effect from April 26, 2021 and consequently, Mr Arjun Saigal, Alternate Director to Mr Lin Wei Ong ceased to hold office with effect from April 26, 2021.

Independent Directors

Your Company has appointed Independent Directors as per the provisions of the Companies Act, 2013. None of the Independent Directors are Promoters or are related to Promoters. They do not have pecuniary relationship with the Company and further do not hold two percent or more of the total voting power of the Company.

Every Independent Director, at the first meeting of the Board in which he/she participates as a Director and thereafter at the first meeting of the Board in every financial year, gives a declaration under Section 149(7) of the Companies Act, 2013 that he/she meets the criteria of independence as required under Section 149(6) of the Companies Act, 2013.

The Company had issued a formal letter of appointment to all Independent Directors and the terms and conditions of their appointment have been disclosed in the website of the Company.

There is a separate meeting of the Independent Directors held annually in accordance with Schedule IV of the Companies Act, 2013 to:

(i) review the performance of non-independent directors and the Board as a whole;

(ii) review the performance of the Chairperson of the Company, taking into account the views of executive directors and non-executive directors;

(iii) assess the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

Code of Conduct

Your Company has adopted a Code of Conduct for members of the Board (incorporating Code for Independent Directors) and the Senior Management. The Code aims at ensuring consistent standards of conduct and ethical business practices across the Company.

Committees of the Board

Audit Committee

Composition and Meetings

As on the date of this report, the Audit Committee currently consists of the following members:

1. Mr R Anand, Independent Director (Chairman)
2. Mr A Ramanthan, Independent Director
3. Ms Bhama Krishnamurthy, Independent Director

The Audit Committee of the Board met four (4) times during the financial year on June 09, 2020, August 17, 2020, November 05, 2020 and February 17, 2021 respectively.

Terms of reference:

1. Oversight of the Company's financial reporting process and the disclosure of its financial interest to ensure that the financial statements are correct, sufficient and credible.
2. The recommendation for appointment, remuneration and terms of appointment of statutory, secretarial and internal auditors of the Company.
3. Reviewing with the management the quarterly, half yearly and annual financial statements before submission to the Board, with particular reference to:

- Matters required to be included in Director's Responsibility Statement to be included in the Board's report to members.
- Changes, if any in accounting policies and practices and reasons for the same.
- Major Accounting entries involving estimates based on the exercise of judgment by management.
- Significant adjustments made in the financial statements arising out of audit findings.
- Compliance with accounting and other legal requirements relating to financial statements.
- Disclosure of any Related Party Transactions.
- Qualifications in draft Auditors Report.

4. Reviewing with the management performance of statutory and internal auditors, adequacy of the internal control systems.
5. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department reporting structure and frequency of internal audit.
6. Discussion with internal auditors any significant findings and follow up thereon.
7. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
8. Discussion with statutory auditors before the audit commences, about the nature & scope of audit as well as post audit discussion to ascertain any area of concern.
9. Review on quarterly basis the securitization/bilateral assignment transactions and investment activities of the Company.
10. Annual Review of Company's policies framed pursuant to RBI and other regulatory guidelines and suggest changes if any, required to the Board for adoption.
11. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
12. Examination of the financial statement and the auditors' report thereon;
13. Approval or any subsequent modification of transactions of the Company with related parties;
14. Scrutiny of inter-corporate loans and investments;
15. Valuation of undertakings or assets of the Company, wherever it is necessary;
16. Monitoring the end use of funds raised through public offers and related matters

The Committee shall mandatorily review the following information:
1. Management discussion and analysis of financial condition and results of operation
2. Statement of significant related party transactions
3. Management letters/letters of internal control weaknesses issued by the statutory auditors.
4. Internal audit report relating to internal control weaknesses.

The Committee must ensure that an Information System Audit of the internal systems and processes is conducted to assess operational risks faced by Five Star.

Nomination & Remuneration Committee
Composition and Meetings

As on the date of this report, the Nomination & Remuneration Committee currently consists of the following members:

1. Mr L R Raviprasad, Non-Executive Director
2. Mr B Haribabu, Independent Director

3. Mr A Ramanathan, Independent Director
4. Mr Vikram Vaidyanathan, Non-Executive Director

The Nomination & Remuneration Committee of the Board met 3 (Three) times during the year on June 09, 2020, November 20, 2020 and February 18, 2021.

Terms of Reference

1. To review the structure, size and composition (including the skills, knowledge and experience) of the Board atleast annually and make recommendations on any proposed changes to the Board to complement the Company's Corporate Strategy.
2. To identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for Directorships
3. Identification of persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance.
4. To access the independence of Independent Non-Executive Directors.
5. Formulation of criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.
6. To review the result of the performance evaluation process that relates to the composition of the Board.
7. To make recommendation to the Board regarding the appointment and re- appointment of Directors and succession planning for Directors in particular for Chairman & Chief Executive.
8. To recommend the remuneration payable to Non-Executive Directors of the Company from time to time.
9. Annual appraisal of the performance of Managing Director and fixing his terms of remuneration
10. Annual appraisal of the Senior Management Team reporting to the Managing Director.
11. Administration and superintendence of ESOP scheme of the Company and /or by the Board of Directors.

Business & Resource Committee

Composition and Meetings

As on the date of this report, the Business & Resource Committee currently consists of the following members:

1. Mr D Lakshmipathy, Chairman & Managing Director
2. Mr L R Raviprasad, Non-Executive Director
3. Mr B Haribabu, Independent Director
4. Mr A Ramanathan, Independent Director

The Business & Resource Committee of the Board met 48 (Forty Eight) times during the financial year on May 08, 2020, May 13, 2020, May 28, 2020, June 08, 2020, June 12, 2020, Jun 18, 2020, June 24, 2020, June 30, 2020, July 03, 2020, July 14, 2020, July 21, 2020, July 31, 2020, August 07, 2020, August 11, 2020, August 17, 2020, August 20, 2020, August 28, 2020, August 31, 2020, September 03, 2020, September 22, 2020, September 28, 2020, September 30, 2020, October 09, 2020, October 22, 2020, October 28, 2020, November 06, 2020, November 10, 2020, November 19, 2020, November 30, 2020, December 04, 2020, December 15, 2020, December 16, 2020, December 17, 2020, December 25, 2020, December 30, 2020, January 08, 2021, January 25, 2021, January 29, 2021, January 30, 2021, February 12, 2021, March 05, 2021, March 15, 2021, March 22, 2021, March 29, 2021, March 31, 2021.

Terms of Reference

1. Borrowing such sum or sums of moneys, availing all kinds and types of loans and credit facilities including debentures and other debt instruments, commercial paper, temporary loans from the Company's bankers, from time to time, upto such sum / limit as may be fixed by the Board of Directors / Shareholders, for and on behalf of the Company, from its directors, shareholders, banks, NBFCs, financial institutions, companies, firms, bodies corporate, Co-operative Banks, investment institutions and their subsidiaries, or from any other person as may be permitted under applicable laws, whether unsecured or secured by mortgage, charge, hypothecation or lien or pledge of the Company's assets and/or properties, whether movable including stocks, fixed assets, book debts and to create security over the assets and / or properties of the Company in relation to such borrowings and loan/ credit facilities, modification or satisfaction of the charge/ security created on the assets and/or properties of the Company from time to time.
2. To mortgage / charge/ hypothecate all or any of the movable properties and assets of the Company both present and future and the whole or substantially the whole of the undertaking or the undertakings of the Company on such terms and conditions, as may be agreed to with the Lender(s), Debenture holders and providers of credit and debt facilities to secure the loans / borrowings / credit / debt facilities obtained or as may be obtained, or Debentures/Bonds and other instruments issued or to issued by the Company to or in favour of the financial institutions, Non-Banking Financial Companies, Co-operative Banks, investment institutions and their subsidiaries, banks, mutual funds, trusts and other bodies corporate or trustees for the holders of debentures/ bonds and/or other instruments.
3. To establish current and other banking accounts with various banks upon such terms and conditions as may be agreed upon with the said bank and various other entities; to specify and change the authorized signatories and their transaction limits to the said banking accounts; to close current and other banking accounts.
4. To open one or more demat / trading / Constituent SGL (CSGL) Accounts in the name of the Company with one or more depositories for the purpose of investment and trading in government securities and treasury bills
5. To consider and approve securitization arrangements and to authorize carrying out of all actions connected therewith.
6. Issuance of Share/Debenture and other security certificates
    a) Issuance of fresh Share/Debenture and other security certificates
    b) Issuance of duplicate Share/Debenture and other security certificates
    c) Issuance of certificates upon request of the Company on split/ consolidation /replacement of old and duplicate certificates, transfer or transmission requests.
7. To approve/ratify transfer of securities, to take note of nomination/transmission.
8. To review, modify and approve investment policy of the Company from time to time.
9. To authorize affixing the common seal of the Company in accordance with the manner laid down in the Articles of Association and to authorize taking the Common Seal out of the registered office of the Company.
10. Other authorizations as may be vested by the Board from time to time.

Asset Liability Committee

Composition and Meetings

As on the date of this report, the Asset Liability Committee currently consists of the following members:

1. Mr D Lakshmipathy, Chairman & Managing Director
2. Mr K Rangarajan, CEO
3. Mr G Srikanth, CFO
4. Mr Sanjay Chaturvedi, CTO
5. Mr S Prashanth, Head – Treasury

The Asset Liability Committee meets regularly to review the areas falling within its terms of reference

Terms of Reference

1. Liquidity Risk Management
2. Management of Market (Interest Rate) Risk
3. Funding and Capital Planning
4. Credit and Portfolio Risk Management
5. Setting credit norms for various lending products of the Company
6. Operational and Process Risk Management
7. Laying down guidelines on KYC norms
8. To approve and revise the actual interest rates to be charged from customers for different products from time to time applying the interest rate model.

Corporate Social Responsibility Committee

Composition and Meetings

Your Company has constituted a Corporate Social Responsibility Committee as per Section 135 of Companies Act, 2013 and the Rules made there under. As on the date of this report the Committee consists of following members:

1. Mr D Lakshmipathy, Chairman & Managing Director
2. Ms Bhama Krishnamurthy, Independent Director
3. Mr R Anand, Independent Director

The Corporate Social Responsibility Committee of the Board met 3 (three) times during the financial year on June 10, 2020, November 05, 2020 and March 22, 2021.

Terms of Reference

1. Formulation of a corporate social responsibility policy to the Board, indicating the activities to be undertaken by the Company in areas or subjects specified in the Companies Act, 2013;
2. Recommending the amount of CSR expenditure to be incurred;
3. Formulate and recommend to the Board, an annual action plan in pursuance of its CSR policy;
4. Instituting a transparent monitoring mechanism for implementation of the corporate social responsibility projects or programs or activities undertaken by the Company;
5. Monitoring the corporate social responsibility policy from time to time and issuing necessary directions as may be required for proper implementation and timely completion of corporate social responsibility programmes / projects / activities;
6. Identifying corporate social responsibility policy partners and corporate social responsibility policy programmes / projects;
7. Identifying and designating the corporate social responsibility team of the Company, if required; and
8. Performing such other duties and functions as the Board may require the corporate social responsibility committee to undertake to promote the corporate social responsibility activities of the Company or as may be required under applicable laws.

Risk Management Committee

Composition and Meetings

As on the date of this report, the Risk Management Committee currently consists of the following members:

1. Ms Bhama Krishnamurthy, Independent Director - Chairperson
2. Mr D Lakshmipathy, Chairman & Managing Director
3. Mr R Anand, Independent Director

The Risk Management Committee met 4 (Four) times during the financial year on June 10, 2020, August 17, 2020, November 05, 2020 and February 17, 2021.

Terms of Reference

1. Laying down the review of procedures relating to risk assessment & risk minimization to ensure that executive management controls risk through means of a properly defined framework.
2. Credit & Portfolio Risk Management.
3. Operational & Process Risk Management.
4. Laying down guidelines on KYC Norms.
5. Evaluation of risk management systems.

IT Strategy Committee

Composition and Meetings

As on the date of this report, the IT Strategy Committee currently consists of the following members:

1. Mr A Ramanthan, Independent Director – Chairman
2. Mr D Lakshmipathy, Chairman & Managing Director
3. Mr K Rangarajan, Chief Executive Officer
4. Mr G Srikanth, Chief Financial & Information Officer
5. Mr Parthasarathi Asuri, Head Internal Audit
6. Mr J Vishnu Ram, Head-Operations
7. Mr S Parthsarathi, Chief Credit Officer
8. Mr Vishnu Prasad, Head – Information Technology

The IT Strategy Committee meets regularly to review the areas falling within its terms of reference.

Terms of Reference

1. Approving IT strategy and policy documents and ensuring that the management has put an effective strategic planning process in place;
2. Ascertaining that management has implemented processes and practices that ensure that the IT delivers value to the business;
3. Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable;
4.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 resources;
5. Ensuring proper balance of IT investments for sustaining Five Star's growth and becoming aware about exposure towards IT risks and controls.
6. Such other terms of reference as may be laid down by RBI and/or by the Board from time to time.

Stakeholders Relationship Committee

Composition and Meetings

As on the date of this report, the Stakeholders Relationship Committee currently consists of the following members:

1. Mr L R Raviprasad, Non-Executive Director
2. Mr B Haribabu, Independent Director
3. Mr D Lakshmipathy, Chairman & Managing Director

Terms of Reference

1. Redressal of grievances of shareholders, debenture holders and other security holders.
2. Consider and resolve the grievances of the security holders of the Company including complaints related to transfer of shares, non-receipt of balance sheet, non-receipt of annual report and non-receipt of declared dividends.
3. Carry out any other function as prescribed under the Companies Act, 2013, SEBI LODR and other Applicable Laws.
4. Demat, Remat, Transfer/ Transmission/ Name Change/ Deletion/ Modification of any Securities and its review.

Remuneration of Directors

All directors except the Chairman and Managing Director and Nominee Directors of Investors are paid a sitting fee of Rs. 25,000/- for attending every meeting of the Board and Rs. 15,000/- for attending every meeting of the Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee and Risk Management Committee.

The details of sitting fees paid to Directors during the financial year are as follows:

Name	Sitting Fees (₹)	
	Board	Committee
Mr B Haribabu	150,000	45,000
Mr Ramanathan Annamalai	150,000	105,000
Mr R Anand	150,000	165,000
Ms Bhama Krishnamurthy	150,000	165,000
Mr L R Raviprasad	100,000	45,000
Mr Vasan Thirulokchand	150,000	-
Total	**850,000**	**525,000**

Commission to Non-Executive Directors

The Non-Executive Directors (excluding Nominee Directors of Investors) and Independent Directors of the Company are paid remuneration by way of annual commission based on the recommendation by the Nomination and Remuneration Committee and approval by the Board within the limits prescribed under the Companies Act, 2013.

The details of commission paid to Non-Executive Directors during the financial year ended March 31, 2021 are as follows:

Name of Director	Designation	Commission (₹)
Mr B Haribabu	Independent Director	3,00,000
Mr Ramanathan Annamalai	Independent Director	3,00,000
Mr R Anand	Independent Director	3,00,000
Ms Bhama Krishnamurthy	Independent Director	3,00,000
Mr L R Raviprasad	Non-Executive Director	3,00,000
Mr Vasan Thirulokchand	Non-Executive Director	3,00,000
Total		**18,00,000**

Remuneration to Chairman & Managing Director

The details of remuneration as approved by the Board and shareholders based on the recommendations of the Nomination & Remuneration Committee and paid to Mr D Lakshmipathy, Chairman and Managing Director for the financial year ended March 31, 2021 are as follows:

Particulars	Amount (₹ in lakhs)
Salary	327.15
Commission	175.00
Total	**502.15**

CMD/CEO/CFO Certification

CMD/CEO/ CFO have given a certificate to the Board as per the format given in regulation 17(8) of the SEBI (Listing Obligations and Disclosure Requirements) 2015.

General Body Meetings

During the financial year ended March 31, 2021, the 36th Annual General Meeting was held on August 31, 2020. There was no Extra-Ordinary General Meeting held during the financial year.

All the proposed resolutions, including special resolutions, were passed by the shareholders as set out in the Notices.

General Shareholder Information

Particulars	Details
Financial Year	April 01, 2020 to March 31, 2021
37th Annual General Meeting	
Day/ Date/ Time	Friday / August 06, 2021 / 10:30 AM
Venue	New No 27, Old No 4, Taylor's Road, Kilpauk, Chennai - 600 010.
Registrar and Transfer Agents	**NSDL Database Management Limited** 4th Floor, Trade World, 'A' Wing, Kamala Mills Compound, Lower Parel, Mumbai - 400013

Particulars	Details
Debenture Trustees	**Catalyst Trusteeship Limited** Office No. 604, 6th floor, Windsor, C.S.T. Road, Kalina, Santacruz (East), Mumbai 400098 **IDBI Trusteeship Services Limited** Ground Floor, Asian Building, 17, R Kanmani Road, Ballard Estate, Fort, Mumbai, Maharashtra - 400 001
Demat ISIN in NSDL and CDSL (Equity Shares)	INE128S01013

Shareholding pattern as on March 31, 2021

Name of the Shareholder	No. of Shares	Percentage (%) of Share Holding
Category		
(A) Promoter & his relatives.	60,27,801	22.17
(B) Directors & their relatives.		
B Haribabu	48,100	0.31
L R Raviprasad	85,200	0.18
(C) Investors		
Matrix Partners India Investment Holdings II, LLC	41,00,999	15.08
NHPEA Chocolate Holdings B.V.	35,98,051	13.23
Matrix Partners India Investments II Extension, LLC	68,897	0.25
Norwest Venture Partners X - Mauritius	25,69,650	9.45
SCI Investments V	25,69,650	9.45
TPG Asia VII SF Pte. Ltd.	61,10,673	22.47
(D) Public	20,11,720	7.40
Total	**2,71,90,741**	**100.00**

For and on behalf of the Board of Directors
D Lakshmipathy
Chairman & Managing Director
DIN: 01723269

Place: Chennai
Date: May 28, 2021

MANAGEMENT DISCUSSION ANALYSIS

Annexure E

MANAGEMENT DISCUSSION ANALYSIS

1. Macro-Economic Overview

The COVID-19 pandemic, described by United Nations as a “Great Disruption” and a “once-in-a-century crisis”, ensured that the current financial year commenced as one of the most challenging years for the world. The pandemic had completely crippled the world during the last 10 days of FY2019-20 and brought not just the country but the entire world into a complete lockdown.

The Indian economy plunged into a technical recession (2 consecutive quarters of negative GDP growth) during the year, only to come back into the green in Q3 of the financial year. For the full year, GDP is expected to have contracted by 7.3%. This is expected to expand to 8.3% in the current financial year, as per World Bank estimates. RBI had originally expected GDP growth of 10.5% in FY2022 but given the impact of the second wave of COVID, the growth rate forecast has been reduced to 9.5% by the Central bank in their recent monetary policy announcement. The Company shall continue to monitor the trends and take actions, as may be necessary to steer through the uncertain and volatile environment.

2. Industry Overview

While every sector in our country was impacted by the lockdown, the cascading effect of the downturn in cashflows was likely to have had a more pronounced impact on the financial services industry. This industry would have seen a significant spurt in delinquencies and non-performing assets and the resultant provisions would have eroded the capital base of a large number of banks and financial institutions.

RBI proactively stepped in and provided flexibility to banks and financial institutions to extend the benefit of moratorium to their borrowers. While initially, the moratorium benefit was extended for dues falling between March 2020 and May 2020, the same was later extended to dues falling between June 2020 and August 2020, thereby providing the relief for a period of six months.

As stated, most sectors witnessed significant downturn in cashflows which severely impacted borrower's ability to make payments of their EMI dues. Against this backdrop, the moratorium was a necessity without which there would have been a complete breakdown of the financial ecosystem. Not only did it help the borrowers recoup their cashflows and then make payments on their debt, but also allowed a breather to the entire financial system by giving the benefit of asset classification standstill for the moratorium period.

Every bank and NBFC came out with their Board approved moratorium policies and norms which helped them tide over the COVID crisis during the first quarter / half of the current financial year. With gradual easing of lockdown restrictions, there was an improvement in borrower cashflows and the situation returned to reasonable levels of normalcy in the second half of the year for most of the financial institutions.

3. Operating Environment

At the start of FY2020-21, most projections pointed towards a very difficult operating environment for NBFCs. ICRA, in its report “Retail NBFC Credit Trends” stated as follows –

The slowdown induced by Covid-19 has further accelerated the slide in the performance of retail-focussed non-banking financial companies (Retail-NBFCs), which were already facing muted demand and were dealing with the emerging asset quality related concerns. In line with ICRA's revision of the GDP growth rate for Q4 FY2020 (to ~2.4%) and for FY2021 (~ to 2.0%), and the various headwinds faced by the sector, ICRA has also revised the assets under management (AUM) growth rate for Retail-NBFCs for FY2020 to 10-13% and expects AUM to grow at 6-8% in FY2021.

On the Asset Quality front, ICRA estimated an increase in GNPA of non-banks during the financial year FY2021. "Assuming a slippage of 5 per cent to 10 per cent of the assets under management (AUM) under moratorium, non-bank NPAs could increase to 5 per cent to 7 per cent by March 2021 from about 3.3 per cent to 3.4 per cent in March 2020", noted ICRA. The Rating agency also noted that there would be an increase in loan provisions / Expected Credit Loss provisions during the financial year. "The envisaged sharp increase in the Stage-3 assets post moratorium window and weak economic indicators would warrant entities to further revise their expected credit loss models and increase provisions.".

4. Market Opportunity

Despite the numerous measures taken by the Government, Central Bank and other regulators to deepen financial inclusion in the country, the fact remains that most of the borrowers at the lower end of the pyramid remain cut off from formal sources of lending. The report by IFC titled "Financing India's MSMEs" published in November 2018 shows about 47.6 million MSME (as per IFC MSME definition[1]), which are unregistered and hence unlikely to have received any formal source of debt. Further, out of the total debt supply of INR 69.3 trillion (69.3 lakh crores) to this sector, only INR 10.9 trillion is met by formal sources, with the rest of the supply coming from informal sources viz. family, friends, family business, moneylenders and chit funds.

This presents a huge opportunity to financial institutions that have developed an underwriting and collections model to cater to the business needs of this borrower segment and ensuring that the quality of such assets onboarded remains intact.

5. Five Star – An overview

Five Star is registered with RBI as a non-deposit taking systemically important NBFC. The Company is in the business of providing Secured Financial Solutions to Micro Entrepreneurs and Self-employed individuals who are largely ignored by the formal financial ecosystem. With experience of operating in this borrower segment for the last 20+ years, the Company has developed a unique underwriting model, which is capable of evaluating the credit-worthiness of such borrowers. The Company operates in 8 states and 1 union territory and has a borrower base of over 1.75 lakh borrowers as on March 31, 2021.

[1]IFC MSME Definition

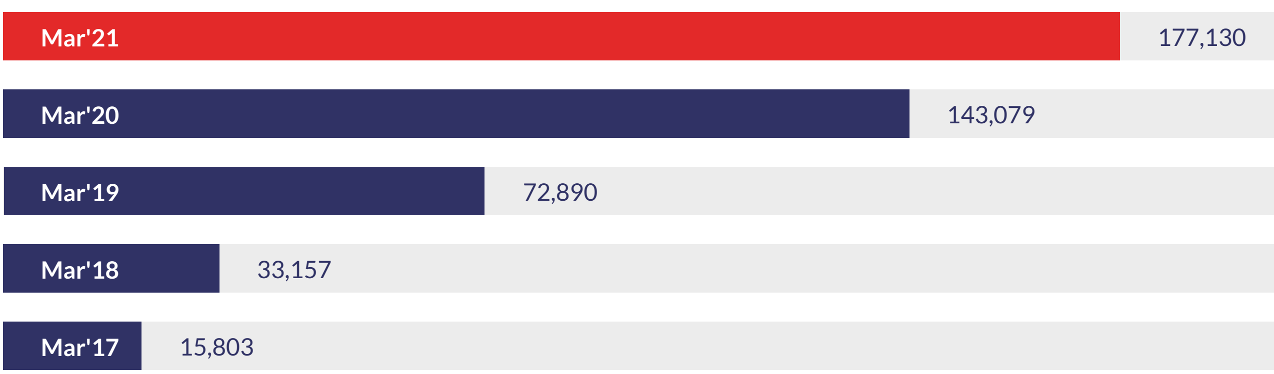
Enterprise Size	No of employees	Total assets	Total annual sales
Micro	<10	Less than INR 6.5 million (USD 100,000)	Less than INR 6.5 million (USD 100,000)
Small	10 – 50	INR 6.5-195 million (USD 100,000-3 million)	INR 6.5-195 million (USD 100,000-3 million)
Medium	50 – 300	INR 195-975 million (USD 3-15 million)	INR 195-975 million (USD 3-15 million)

Business Growth

Between FY2017 & FY2020 the Company saw stellar growth, with portfolio almost doubling every year. However, with the onset COVID-19 and subsequent moratorium being extended to all the borrowers, the focus during the first half of the year was almost entirely on collections. The Company provided moratorium to all its “standard” borrowers (Stage 1 and Stage 2 assets) on an opt-out basis i.e. if any of the borrowers did not want the moratorium benefit, he / she would have to opt out of the same. While moratorium was extended to all the borrowers, the Company also ensured that necessary education was imparted to make them understand the impact of the moratorium. Borrowers were advised to make payments as long as their cashflows afforded them the luxury to do so, in order to avoid extension of tenure and the resultant additional interest on the loan. The advice resonated well with the borrowers and with easing of lockdown restrictions from May 2020 and cashflows coming back into their businesses, they started to repay on their loans.

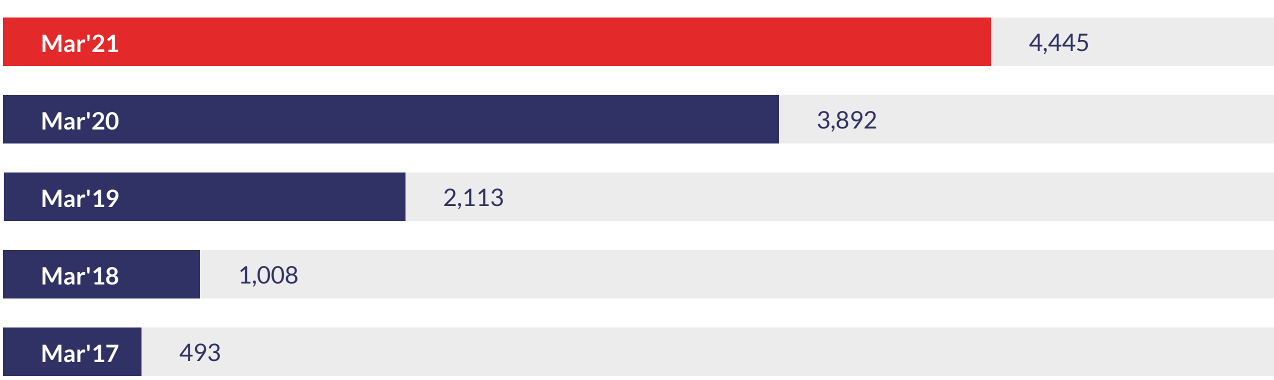
Starting from September 2020, the Company also scaled up its business and disbursals leading to a good quantum of disbursals during the financial year. The AUM grew by 14% during the year on the back of a full year disbursal of INR 1,245 Crores. The graph below depicts the AUM for the last 5 years, and it is quite an achievement for the Company to have shown AUM growth even during a pandemic year. Another strong fact to be noted is that the Company managed to increase its customer base during FY2021 as well.

Borrower Base



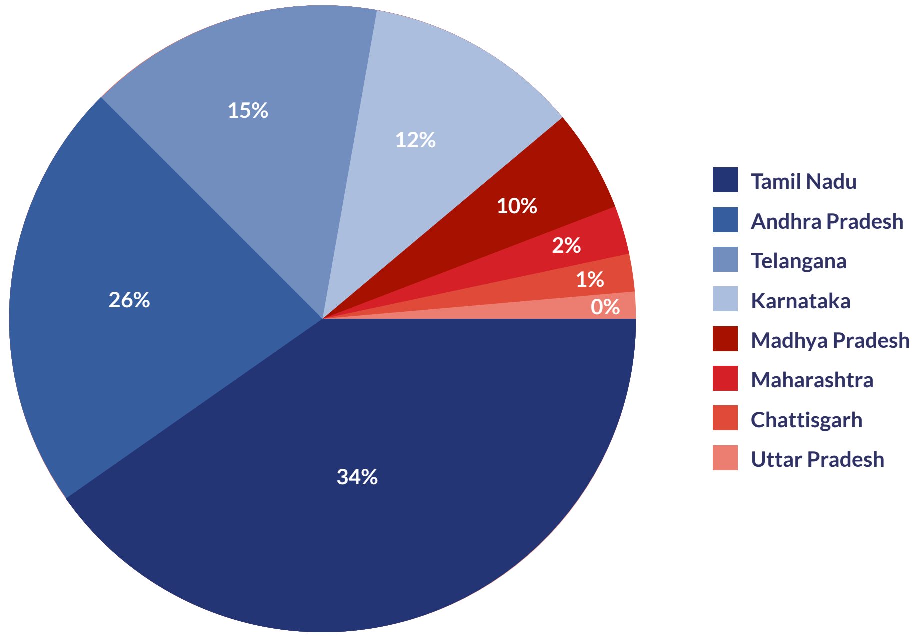
Loan Portfolio

(In Crores)



The portfolio growth has clearly come in from a larger customer base, which helps from a risk diversification perspective. Keeping the ticket size at a lower level also helps the borrower to service loan EMIs without much stress. The loan outstanding per borrower has come down from 2.75 lakhs in FY2020 to 2.5 lakhs in FY2021, both on account of reduced growth (due to lower disbursals and higher runoffs) and the conscious call taken by the Company to reduce ticket size of incremental disbursals during the year.

During the year, there were no major branch additions. 10 branches which were already committed to be opened, started functioning in FY2021, taking the overall branch count to 262. The state-wise split of branches as at March 2021 is given below.



Five Star would continue to balance its twin approach of deepening its presence in core geographies and also branching out to newer geographies as a measure of portfolio diversification.

Collections & Asset Quality

Though incremental business is an important metric for any Company, Five Star gives a lot more importance to robust collections and strong asset quality. The Field Officers are responsible both for business and collections and their incentives are structured in such a manner to ensure that they perform in an exemplary manner both on business and collections. This has also helped the Company to maintain very healthy asset quality even during difficult events like demonetization, GST implementation, liquidity crisis, etc.

Compared to all the difficult economic events mentioned earlier, COVID was of a completely different magnitude. The country-wide lockdown caused significant disruption to borrower incomes and cashflows leading to their inability to make payments on their loans. RBI helped salvage the situation with their moratorium announcement. However, despite the announcement of moratorium, the Company was determined not to remain on the sidelines and simply watch the situation play out. Given that borrowers in our customer segment would not have been able to understand the impact of moratorium on the loan tenure and interest burden, Five Star took it upon itself to explain the impact of moratorium to all its borrowers. It was also important to keep the repayment culture intact and towards this, we explained to the borrowers to make whatever payments were possible given their cashflows, which would eventually work to their benefit. The results were telling, and Five Star was able to have a collections efficiency (computed assuming no moratorium) of about 90% every month between June and August 2020. Post the moratorium period which ended in August 2020, the Company's collections efficiency was back to almost pre-COVID levels, which stands testimony to the strength of the business model and underwriting, resilience of the borrower segment and the Company's execution excellence.

Based on the facts mentioned above, the Company was able to report one of the best asset numbers even during a pandemic year with GNPA (Stage 3 Assets) at 1.02% in March 2021 as against 1.37% in March 2020.

6. Operational & Financial Metrics

6.1. Branches: As has already been stated, no major branch openings happened during the year. The number of branches as at the end of March 2021 was 262 as against 252 as at March 2020.

6.2. Portfolio growth: Five Star's AUM[2] increased from INR 3,892 Cr in FY2020 to INR 4,445 Cr in FY2021, which translates to a growth of about 14% for the year.

6.3. Loan disbursals: During the year, the Company disbursed an amount of about INR 1,245 Crores. Given the effect of the pandemic, the first half of the year was lost from a fresh business perspective. Hence a direct comparison on this front vis-à-vis the previous years' figures may not reflect a true picture.

6.4. Asset quality: For the financial year ended 31st March 2021, the Company achieved a 90+ DPD of 1.02%, as against a 90+ DPD in the previous year at 1.37%.

6.5. Profitability: Despite the impact of the pandemic, the Company managed a robust profitability of INR 358 Crores in FY2021 as against INR 261 Crores in FY2020.

Some of the operational and financial highlights are given below.

Parameter	FY 2021	FY 2020	Growth
Assets under Management (INR Cr)	4,445.38	3,892.23	14%
Amount disbursed (INR Cr)	1,245.05	2,408.67	NA
Branches (#)	262	252	4%
Number of customers	1,77,130	143,079	24%
Number of employees	3,938	3,734	5%
Total comprehensive income	358.21	260.84	37%

7. Strengthening Liability Profile

When the pandemic became intense towards the end of last financial year, most of the proposals which otherwise would have been consummated in March 2020 fell through. Lenders were not willing to take the risk of increasing their exposure or taking new exposures in uncertain conditions. In addition to the uncertainty around collections and asset quality, there existed significant improbability of obtaining fresh debt lines from lenders.

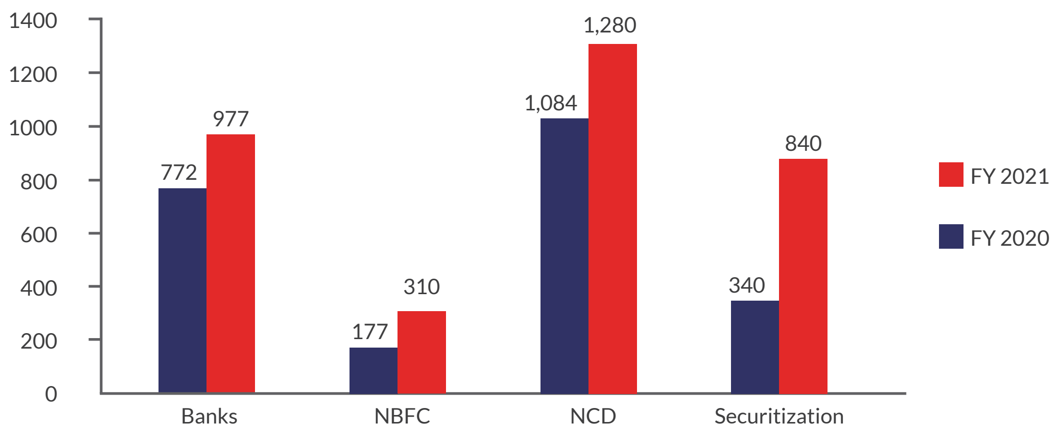
RBI came out with liquidity support measures in the form of Targeted Long Term Repo Operations (TLTRO), Partial Credit Guarantee

(PCG) Schemes towards increasing the systemic liquidity and the liquidity in the hands of financial institutions. However, lenders were still circumspect to lend to not so strong institutions and were being very selective in taking exposures. However, the strength of Five Star in terms of demonstrating robust collections during the moratorium period, which was also a testimony to the strength of underlying borrower segment, gave them the confidence to lend to the Company. Five Star managed to raise INR 1032 Crores of liquidity during the first half of the year, despite the extremely trying times.

[2]AUM is without netting off the ECL

During the year, Five Star also managed to onboard new lenders across public sector banks, private sector banks and other financial institutions. The Company also undertook issuance of Covered Market Linked Debentures (Covered MLD) for the first time, in addition to deepening the plain-vanilla MLD and PTC transactions. Despite the immensely tight liquidity situation that prevailed during the year, the Company managed to raise total debt of INR 2362 Crores. The overall borrowings outstanding went up from INR 2350 Crores to INR 3386 Crores, registering a rise of 44% in one of the toughest years from a liquidity perspective.

Structure-wise debt outstanding is given in the graph below:



Leverage: The Company continued to operate at a very healthy D/E ratio of 1.5x on the back of strong internal accruals and capital profile.

8. Asset-Liability Management:

One of the important aspects that sets the Company apart is its conservative liquidity policy over the past many years, which has helped it tide over all the external turbulence faced over the last few years. The liquidity policy defines a minimum liquid balance to be maintained on a monthly basis which will effectively take care of all obligations and other fund requirements over the next 3 months. This is strictly maintained despite the negative carry that it would entail. In fact, this is one of the reasons which allowed the Company to provide moratorium to all its borrowers but not request for moratorium from any of its lenders. Despite the lower collections in the months of April and May, the Company was able to meet all its commitments to its lenders.

During the year, Liquidity Coverage Ratio (LCR) also became applicable to the Company. The Company is required to maintain a portion of net cash outflows (over the next 30 days) in the form of High Quality Liquid Assets (HQLA), which will help manage any temporary shocks that may hit the Company. Given the liquidity that was available with the Company per its existing conservative liquidity policy mentioned above, there was no pressure in maintaining this ratio at much higher than the regulatorily stipulated levels.

One of the other conservative practices adopted by the Company from an ALM perspective is to bucket the liabilities based on their put / call option dates rather than bucketing as per their original maturity. It is highly likely that one of the parties to the transaction is going to be exercising their option depending on the prevailing interest rate scenario. In such a situation, bucketing on the basis of original maturity would not present the right picture and would also impede the ability of the management to prepare for any shocks from an ALM perspective.

9. Human Resources:

One of the well-known management authors Stephen Covey once said, “Always treat your employees as you want them to treat your best customers”. The treatment that is meted out to employees pretty much determines the success or failure of any organisation.

At Five Star, employees are considered to be the most important assets of the organisation. Hiring the right resources, having adequate capacity to ensure that the employees are not stressed out, training them to make them fully suitable for the job, providing adequate remuneration, incentivising them for their performance are all given immense importance.

One of the important contributions of the Company is providing employment to a large base of employees. As on March 31, 2021, the Company had an employee base of 3,938 employees. It is also to be noted that many of these employees have been with the Company for a fairly long period of time as they feel that they are duly recognised and compensated by the Company. They are also confident that the Company would be able to take care of their welfare. As a result, the Company’s attrition levels are not high as compared to many of its peers. The Company also has employee stock options, long term incentive plans, etc whereby a framework is in place to share wealth with the employees.

The Company arguably has one of the best Management teams, with about 18+ functional heads heading their respective departments. Each of them comes with relevant expertise and experience, which not just helps the Company scale up but also have necessary and effective controls embedded in each of the processes to mitigate any potential risks.

10. Technology:

One of the areas of significant priority for the Company is technology. From being a completely paper based organisation for many years, the Company transformed into a paperless Company starting FY2018 by moving into a completely cloud-based ERP platform in April 2017. This move has paid off for the Company on multiple counts, improved turnaround times and capture of quality data being the most important and patent.

However, ERP is probably the first step in the technology journey that the Company wants to undertake. The aim of the Company is to use technology for more efficient sourcing, underwriting and collections and also the data for better analytics. Towards this, during the current financial year (FY 2021-22), the Company has hired a Head of Engineering, Development and Data Sciences who would be responsible for making much better use of the Company’s data from an analytics perspective and also take up specific projects to integrate Application Process Interfaces with the Company’s systems which will also help the Company use alternate data and strengthen its underwriting processes. All these are work-in-progress, and the Company intends to make significant investments in technology, both in terms of manpower and infrastructure, to leverage the power of right technology and put to the best use possible.

11. Risk Management and Audit Framework:

Complementing the strong underwriting model in Five Star is a robust Risk Management and Audit Framework. The Company’s audit process is overseen by the Audit Committee of the Board and is broken into 3 components – Statutory Audit undertaken by the Statutory Auditors, Internal Audit undertaken by an external audit firm and Internal Process audit undertaken by an in-house audit team. Between them, they cover all the aspects across various areas like statutory and regulatory compliance, accounting aspects, adherence to Company policies, compliance to accounting standards, tax compliance, branch related processes, etc. The scope of these audits are discussed and approved by the Audit Committee, which also oversees their performance on a quarterly basis. All the findings are presented to the Audit Committee and actionables are tracked closely through the Action Taken Report (ATR) process.

In addition to the Audit framework, the Company also has a robust risk management framework, which independently looks through the various risks that may have a potential impact on the Company and its operations. The risk management framework comprises of a multi-tiered approach with the initial guidance coming from the Board / Risk Management Committee, which is implemented by the individual departments and overseen in tandem by the Auditors and Company's risk management team headed by the Chief Risk Officer.

The Risk Management Committee also meets on a quarterly basis and the Committee is updated of the Company's position on various aspects like Credit risk, Liquidity risk, Collateral risk, Financial risk, Operational risk, Technology risk, Compliance & Reputation risk, HR risk and Vendor Management risks. The Company has also developed Key Risk Appetite Indicators (KRAI), with thresholds that are supposed to be maintained by the Company. Thresholds and actuals are compared and breaches, if any, are discussed in detail and necessary corrective actions implemented.

Internal Financial Controls:

The Internal Financial Control system has been designed commensurate to the size and complexity of the Company's business and operations. The control system is designed to provide a high degree of assurance regarding the effectiveness and efficiency of the controls and mitigants to ensure that the operations and processes remain at acceptable levels, as far as possible. In addition to the testing that is done by the auditors (statutory, external and internal), the C`ompany had also engaged an external audit firm to develop a robust Internal Control system and test the same on a periodic basis. The process matrices have been developed in a very detailed manner, and testing is carried out to ensure that the actual processes conform to the laid out process matrices. This testing report is also shared with the Statutory Auditors, who also independently test the controls as part of their audit exercise, and the report is placed to the Audit Committee, which also understands the exhaustiveness and efficacy of the controls, which are embedded in the Company's processes.

D Lakshmipathy
Chairman & Managing Director
DIN: 01723269

Place: Chennai
Date: May 28, 2021

Annexure F

Disclosure pursuant to Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

(i) & (ii) Ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year 2020-21 & the percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year 2020-21:

Name of the Director	Title	% increase of remuneration in FY 2020-21 as Compared to FY 2019-20	Ratio of remuneration to Median Remuneration of Employees
D Lakshmipathy	Chairman & Managing Director	Nil	-
A Ramanathan	Independent Director	Nil	1.32
R Anand	Independent Director	Nil	1.32
Bhama Krishnamurthy	Independent Director	Nil	1.32
B Haribabu	Independent Director	Nil	1.32
L R Raviprasad	Non-Executive Director	Nil	1.32
Vasan Thirulokchand	Non-Executive Director	Nil	1.32

* Excluding sitting fees

Name of the Director	Designation	% increase of remuneration in FY 2020-21 as Compared to FY 2019-20
K Rangarajan^	Chief Executive Officer	8.78%
G Srikanth^	Chief Financial Officer	10.69%
B Shalini	Company Secretary	8.15%

^Increase in remuneration is excluding stock options

(iii) The percentage increase in the median remuneration of employees in the financial year 2020-21: 28.25% as compared to the financial year 2019-20.

(iv) The number of permanent employees on the rolls of the Company as of 31st March, 2021 and 31st March, 2020, was 3,938 and 3,734 respectively.

(v) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

The average increase in salaries of employees other than managerial personnel for the financial year 2020-21 was 18.95% and percentage increase in the managerial remuneration(excluding stock options) for the financial year 2020-21 was 3.25%

(vi) Affirmation that the remuneration is as per the remuneration policy of the Company:

The Company affirms that remuneration is as per the Director's Appointment, Remuneration & Evaluation policy adopted by the Company for Directors, Key Managerial Personnel and other Employees.

S. No	Name	Designation	Remuneration	Nature of Employment	Qualification and Experience	Date of commencement	Age	Last Employment	% of equity shares held*
1.	D Lakshmipathy	Chairman & Managing Director	502.15	Full time	B.Tech - About 2 decades of experience in financial services industry	01-06-2012	47	NA	13.65
2.	K Rangarajan	Chief Executive Officer	192.37	Full time	MBA & PGP - About 20 years years of experience across banking, private equity and advisory.	06-08-2015	42	Spark Capital	NA
3.	G Srikanth	Chief Financial Officer	112.12	Full time	MBA - About 20 years across multiple functions like business planning, securitisation, structuring, treasury and operations.	12-10-2015	42	Asirvad Microfinance	NA
4.	J Vishnuram	Chief Risk Officer	69.98	Full time	MBA - About 20 years of experience in banking professional	15-03-2017	41	Deutsche Bank	NA
5.	S Parthasarathy	Chief Credit Officer	64.60	Full time	CA - About 18 years of experience in banking professional in credit and risk functions	03-01-2018	40	DBS	NA
6.	Sanjay Chaturvedi	Chief Treasury Officer	52.91	Full time	Management graduate with about 20 years of experience across multiple banks and NBFC.	08-10-2019	45	Aspire Home Finance Corporation.	NA

S. No	Name	Designation	Remuneration	Nature of Employment	Qualification and Experience	Date of commencement	Age	Last Employment	% of equity shares held*
7.	T Sathya Ganesh	Head -Business & Collection	52.25	Full time	MBA - About 22 years of experience in banks and NBFCs.	19-12-2016	43	Shriram Housing	NA
8.	S M Seshathri	Head -Credit	41.41	Full time	BCom., B.L. - About 2 decades of experience in the company and has led in the areas of credit management, operations, and risk management	02-01-1996	48	NA	NA
9.	Parthasarathi Asuri	Head – Risk and Compliance	37.81	Full time	CA, CS, ICWA - About 18 years of experience in banking industry with experience in finance, accounts and taxation.	19-10-2018	42	F L Smidth Pvt Ltd	NA
10.	Mahesh Gourishetty	Head – HR	36.12	Full time	PGDM - About 18 years of experience in various organisations in the field of HR and in leading entire lifecycle of human capital management	02-04-2018	42	Sterlite Power	NA

None of the aforesaid employees are employed on contractual basis and none of them are related to any Director of the Company.

The remuneration is excluding stock options.

FINANCIAL STATEMENTS

Auditor's Report

Independent Auditors' Report
To the Members of Five-Star Business Finance Limited
Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Five-Star Business Finance Limited ("the Company"), which comprise the balance sheet as at 31 March 2021, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

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

Basis for Opinion

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

Emphasis of matter

As more fully described in Note 51 to the financial statements, the extent to which the ongoing COVID-19 pandemic will have impact on the Company's financial performance including the Company's estimates of impairment of loans, are dependent on future developments, the severity and duration of the pandemic, which are highly uncertain.

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 financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the matter was addressed in our audit

Impairment of loans – refer note 6 and 51 to the financial statements

Recognition and measurement of impairment of loans involve significant management judgement

Under Ind AS 109 - Financial Instruments, credit loss assessment is based on expected credit loss (ECL) model. The Company's impairment allowance is derived from estimates including the historical default, loss ratios etc. Management exercises judgement in determining the quantum of loss based on a range of factors.

Further, in relation to COVID-19 pandemic, 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, along with the associated impact on the economy

The determination of impairment loss allowance is inherently judgmental and relies on managements' best estimate due to the following:

- Segmentation of loans given to the customer
- Criteria selected to identify significant increase in credit risk, particularly in respect of the regional lockdowns at various geographies along with the history of moratorium benefit given to eligible borrowers as per the Company's board approved policy, read with the RBI COVID 19 regulatory package. This also includes evaluation of adverse impact of COVID-19 pandemic and mitigants in form of the RBI / Government financial relief package.
- Increased level of data inputs for capturing the historical data to calculate the Probability of Default ('PDs') and Loss Given Default ("LGD") and the completeness and accuracy of that data
- Use of management overlays to adjust the model-driven ECL results, considering the probability weighted scenarios, the forward looking macro-economic factors, economic environment, emerging trends, the timing of cash flows and impact of the pandemic along with restriction on economic activities at various geographies on the Company's customers and their ability to repay dues on asset classification and provisioning.

The underlying forecasts and assumptions used in the estimates of impairment loss allowance are subject to uncertainties which are often outside the control of the Company. The extent to which the COVID-19 pandemic will impact the Company's current estimate of impairment loss allowances is dependent on future developments, which are highly uncertain at this point.

The management judgment involved in estimates has significant impact, considering the size of loan portfolio relative to the balance sheet. Therefore, we identified impairment allowance of loans as key audit matter.

In view of the significance of the matter, we applied the following key audit procedures, among others to obtain sufficient appropriate audit evidence:

- Evaluation of the appropriateness of the impairment principles based on the requirements of Ind AS 109.
- Performed process walkthroughs to identify the controls used in the impairment allowance processes.
- Assessed the design and implementation of controls in respect of the Company's impairment allowance process such as the timely recognition of impairment loss, the completeness and accuracy of reports used in the impairment allowance process and management review processes over the calculation of impairment allowance.
- Obtained understanding of management's processes and controls implemented in relation to impairment allowance process, providing moratorium as per board approved policy read with RBI COVID-19 regulatory package including management rationale for determination of criteria of significant increase in credit risk due adverse impact of COVID-19 pandemic.
- As at the year end, evaluated whether the methodology applied by the Company is compliant with the requirements of the relevant accounting standards and confirmed that the calculations are performed in accordance with the approved methodology, including checking mathematical accuracy of the workings.
- Tested the periods considered for capturing underlying data as base to PD and LGD calculations are in line with Company's recent experience of past observed periods.
- Tested the accuracy of the key inputs used in the calculation and independently evaluated the reasonableness of the assumptions made.
- Challenged completeness and validity of impairment allowance including the management overlays, particularly in response to COVID 19 with assistance of our financial risk modelling experts by critically evaluating the risks that have been addressed by management. We also tested management's workings supporting the overlay quantum.
- Performed test of details, on a sample basis, on underlying data relating to segmentation, management overlays, staging as at 31 March 2021, the key inputs for computation of ECL.
- Assessing the factual accuracy and appropriateness of the additional financial statements disclosures made by the Company regarding impact of COVID-19

Information Other than the Financial Statements and Auditors' Report Thereon

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

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

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 and take necessary actions as required under applicable laws and regulations.

Management's and Board of Director's Responsibility for the Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 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 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 misstantement 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 in the financial statements made by the Management and Board of Directors.

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

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

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 financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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 (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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 other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.

d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under section 133 of the Act.

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

f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

3. With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, 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 as at 31 March 2021 on its financial position in its financial statements - Refer Note 34 to the 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. The Company does not have any derivative contracts. Refer Note 6 and 28 to the financial statements.

iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

iv) The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2021.

4. With respect to the matter to be included in the Auditors' Report under section 197(16):

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

for **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No.-101248 W/W-100022

Place: Chennai
Date: May 28, 2021

K Raghuram
Partner
Membership No. 211171
UDIN: 21211171AAAAAR8241

Annexure A to the Independent Auditors' Report

To the Members of Five-Star Business Finance Limited for the year ended 31 March 2020

(referred to in our report of even date)

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

b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this programme certain fixed assets were physically verified by the management during the year and as explained to us, no material discrepancies were noticed on such verification.

c) According to information and explanation given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.

(ii). According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company is primarily engaged in business of lending activities, accordingly, it does not hold any physical inventories. Thus, paragraph 3(ii) of the Order is not applicable.

(iii). In our opinion and according to the information and explanations given to us, the Company has not granted any loan, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register required under Section 189 of the Act. Accordingly, paragraph 3(iii) of the Order is not applicable.

(iv). In our opinion and according to the information and explanations given to us, the Company has not granted any loans, made investments or provided any guarantee or security to parties which requires compliance under section 185 and 186 of the Act. Accordingly, paragraph 3(iv) of the Order is not applicable.

(v). According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not accepted any deposits from the public within the meaning of the directives issued by the Reserve Bank of India, provisions of Section 73 to 76 of the Act, any other relevant provisions of the Act and the relevant rules framed thereunder. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.

(vi). The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the Company. Accordingly, paragraph 3(vi) of the Order is not applicable.

(vii). (a). According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of accounts in respect of undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and services tax, cess and other material statutory dues have generally been deposited regularly during the year by the Company with the appropriate authorities. As explained to us, the Company did not have dues on account of sales tax, service tax, duty of customs, duty of excise and value added tax.

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 services tax, cess and other material statutory dues were in arrears as at 31 March 2021 for a period of more than six months from the date they became payable.

(b). According to the information and explanations given to us, there are no dues of income-tax and goods and services tax which have not been deposited with the appropriate authorities on account of dispute except the following:

Name of the statute	Nature of the dues	Amount (In ₹)	Period to which the amount relates	Forum where the dispute is pending
Income-Tax Act, 1961	Income-tax	673,698	2006-2007	Commissioner of Income-tax (Appeals)
Income-Tax Act, 1961	Income-tax	3,368,426	2018-2019	Commissioner of Income-tax (Appeals)

(viii). In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to its bankers, or to any financial institutions or to debenture holders. The Company did not have any outstanding loans or borrowings to Government during the year

(ix). In our opinion and according to the information and explanations given to us, the Company has not raised any money by way of initial public offer or further public offer (including debt instruments). However, the Company has raised term loans during the year. In our opinion and according to the information and explanations given to us, the term loans taken by the Company have been applied for the purpose for which they were raised.

(x). According to the information and explanations given to us, no material fraud by or on the Company by its officers or employees has been noticed or reported during the course of our audit. Also refer Note 47-Z to the financial statements.

(xi). According to information and explanations given to us and on the basis of our examination of the records of the Company, the Company has paid / provided for managerial remuneration in accordance with the provisions of section 197 read with Schedule V to the Act.

(xii). According to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable

(xiii). In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of the Company, the transactions with the related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 where applicable and the details have been disclosed in the financial statements as required by the relevant accounting standards.

(xiv). According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable.

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

(xvi). According to the information and explanation given to us and on the basis of our examination of the records of the Company, the Company is required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 and it has obtained certificate of registration from Reserve Bank of India.

for **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No.-101248 W/W-100022

K Raghuram
Partner
Membership No. 211171
UDIN: 21211171AAAAAR8241

Place: Chennai
Date: May 28, 2021

Annexure "B" to the Independent Auditors' report on the financial statements of Five Star Business Finance Limited for the year ended 31 March 2021

Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

We have audited the internal financial controls with reference to financial statements of Five Star Business Finance Limited ("the Company") as of 31 March 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

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

Emphasis of Matter

As described in Emphasis of Matter paragraph of our report to the financial statements, the extent to which the COVID-19 pandemic will have impact on the Company's internal financial controls with reference to the financial statements is dependent on future developments, which are highly uncertain.

Our opinion is not modified in respect of the above matter.

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and whether such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial controls with Reference to Financial Statements

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

Inherent Limitations of Internal Financial controls with Reference to Financial Statements

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

for **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No.-101248 W/W-100022

K Raghuram
Partner
Membership No. 211171
UDIN: 21211171AAAAAR8241

Place: Chennai
Date: May 28, 2021

Balance Sheet as at March 31, 2021

(All amounts are in Indian Rupees in lakhs, except share data and stated otherwise)

₹ in Lakhs

Particulars	Note No.	As at March 31, 2021	As at March 31, 2020
ASSETS			
Financial Assets			
Cash and cash equivalents	4	126,718.28	28,977.95
Bank balances other than cash and cash equivalents	5	8,853.99	16,134.94
Loans	6	435,874.94	383,080.44
Other financial assets	7	474.34	524.57
		571,921.55	428,717.90
Non-financial Assets			
Current tax assets (net)	8	795.79	435.46
Deferred tax assets (net)	36	3,698.94	2,822.96
Investment property	9	3.56	3.56
Property, plant and equipment	11	845.60	1,106.09
Right of use asset	37	1,452.63	1,488.00
Other intangible assets	12	190.30	192.80
Other non-financial assets	10	452.77	548.62
		7,439.59	6,597.49
Total Assets		**5,79,361.14**	**4,35,315.39**
LIABILITIES AND EQUITY			
Financial Liabilities			
Payables	13		
Trade payables			
total outstanding dues of micro and small enterprises		-	-
total outstanding dues of creditors other than micro and small enterprises		867.17	662.40
Debt securities	14	130,378.55	107,886.42
Borrowings (other than debt securities)	15	212,141.12	128,482.89
Other financial liabilities	16	1,717.01	1,568.10
		345,103.85	238,599.81
Non-financial Liabilities			
Current tax liabilities (net)	17	-	74.80
Provisions	18	719.80	577.61
Other non-financial liabilities	19	1,720.27	1,605.12
		2,440.07	2,257.53

Balance Sheet as at March 31, 2021

(All amounts are in Indian Rupees in lakhs, except share data and stated otherwise)

₹ in Lakhs

Particulars	Note No.	As at March 31, 2021	As at March 31, 2020
Equity			
Equity share capital	20	2,564.49	2,558.21
Other equity	21	229,252.73	191,899.84
		231,817.22	194,458.05
Total Liabilities and Equity		**579,361.14**	**435,315.39**
Significant accounting policies	2 and 3		

See accompanying notes to the financial statements

As per our report of even date
for **B S R & Co. LLP**
Chartered Accountants
Firm's registration number: 101248W/W-100022

For and on behalf of the Board of Directors of
Five-Star Business Finance Limited
CIN : U65991TN1984PLC010844

K Raghuram
Partner
Membership No: 211171

D Lakshmipathy
Chairman & Managing Director
DIN : 01723269

R Anand
Director
DIN : 00243485

G Srikanth
Chief Financial Officer

K Rangarajan
Chief Executive Officer

B Shalini
Company Secretary
ACS: A51334

Place: Chennai
Date: May 28, 2021

Place: Chennai
Date: May 28, 2021

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

(All amounts are in Indian Rupees in lakhs, except share data and stated otherwise)

₹ in Lakhs

Particulars	Note No.	Year ended March 31, 2021	Year ended March 31, 2020
Revenue from operations			
Interest income	22	101,487.58	74,682.42
Fee income	23	2,167.61	2,970.84
Net gain on fair value changes	24	1,319.03	1,018.22
Total revenue from operations		**104,974.22**	**78,671.48**
Other income	25	151.25	63.25
Total Income		**105,125.47**	**78,734.73**
Expenses			
Finance Costs	26	32,519.12	21,693.51
Fees expenses	27	266.83	42.52
Impairment on financial instruments	28	3,517.57	4,934.19
Employee benefits expenses	29	16,371.78	12,710.78
Depreciation and amortization	30	1,138.39	1,006.85
Other expenses	31	3,667.70	3,416.83
Total Expenses		**57,481.39**	**43,804.68**
Profit before tax		**47,644.08**	**34,930.05**
Tax expense			
Current Tax	32 A	12,594.12	10,056.07
Deferred tax (net)	36	(849.48)	(1,321.06)
		11,744.64	8,735.01
Profit for the year		35,899.44	26,195.04
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Re-measurements of the defined benefit plan		(105.27)	(148.80)
Income tax relating to items that will not be reclassified to profit or loss		26.49	37.45
Net other comprehensive income / (deficit) not to be reclassified subsequently to profit or loss		**(78.78)**	**(111.35)**
Other comprehensive income / (deficit) for the year, net of income tax		**(78.78)**	**(111.35)**
Total comprehensive income		**35,820.66**	**26,083.69**

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

(All amounts are in Indian Rupees in lakhs, except share data and stated otherwise)

₹ in Lakhs

Particulars	Note No.	Year ended March 31, 2021	Year ended March 31, 2020
Earnings per equity share (face value Rs.10/- each)			
- Basic (In Rupees)		140.13	103.24
- Diluted (In Rupees)		136.06	100.70
Significant accounting policies	2 and 3		

See accompanying notes to the financial statements

As per our report of even date
for **B S R & Co. LLP**
Chartered Accountants
Firm's registration number: 101248W/W-100022

For and on behalf of the Board of Directors of
Five-Star Business Finance Limited
CIN : U65991TN1984PLC010844

K Raghuram
Partner
Membership No: 211171

D Lakshmipathy
Chairman & Managing Director
DIN : 01723269

R Anand
Director
DIN : 00243485

G Srikanth
Chief Financial Officer

K Rangarajan
Chief Executive Officer

B Shalini
Company Secretary
ACS: A51334

Place: Chennai
Date May 28, 2021

Place: Chennai
Date: May 28, 2021

Statement of Changes in Equity for the year ended March 31, 2021
(All amounts are in Indian Rupees in lakhs, except share data and stated otherwise)

₹ in Lakhs

Particulars	Number of Shares	Amount
A. Equity share capital		
Balance as at April 1, 2019	**23,899,582**	**2,389.96**
Change in equity share capital during the year		
Add: Issued during the year	3,228,309	168.25
Balance as at March 31, 2020	**27,127,891**	**2,558.21**
Balance as at April 1, 2020	**27,127,891**	**2,558.21**
Change in equity share capital during the year		
Add: Issued during the year	62,850	6.28
Balance as at March 31, 2021	**27,190,741**	**2,564.49**

B. Other Equity

₹ in Lakhs

	Reserves and surplus					Other comprehensive income	Total
	Statutory reserve	Securities premium	Employee stock option reserve	General reserve	Retained earnings	Re-measurements of defined benefit plan	
As at April 1, 2019	**5,622.81**	**107,313.93**	**490.27**	**719.60**	**19,976.24**	-	**134,122.85**
Premium received on shares issued during the year	-	31,755.27	-	-	-	-	**31,755.27**
Total comprehensive income for the year	-	-	-	-	26,195.04	(111.35)	**26,083.69**
Transfer to statutory reserve	5,239.01	-	-	-	(5,239.01)	-	-
Transfer to retained earnings	-	-	-	-	(111.35)	111.35	-
Share based payment expense for the year	-	-	168.03	-	-	-	**168.03**
Utilised on issue	-	-	(230.00)	-	-	-	**(230.00)**
As at March 31, 2020	**10,861.82**	**139,069.20**	**428.30**	**719.60**	**40,820.92**	-	**191,899.84**
As at April 1, 2020	**10,861.82**	**139,069.20**	**428.30**	**719.60**	**40,820.92**	-	**191,899.84**
Premium received on shares issued during the year	-	165.26	-	-	-	-	**165.26**
Total comprehensive income for the year	-	-	-	-	35,899.44	(78.78)	**35,820.66**
Transfer to statutory reserve	7,179.89	-	-	-	(7,179.89)	-	-
Transfer to retained earnings	-	-	-	-	(78.78)	78.78	-
Share based payment expense for the year	-	-	1,509.39	-	-	-	**1,509.39**
Utilised on issue	-	-	(142.42)	-	-	-	**(142.42)**
As at March 31, 2021	**18,041.71**	**139,234.46**	**1,795.27**	**719.60**	**69,461.69**	-	**229,252.73**

Significant accounting policies 2 and 3

See accompanying notes to the financial statements

As per our report of even date
for **B S R & Co. LLP**
Chartered Accountants
Firm's registration number: 101248W/W-100022

K Raghuram
Partner
Membership No: 211171

Place : Chennai
Date : May 28, 2021

For and on behalf of the Board of Directors of
Five-Star Business Finance Limited
CIN : U65991TN1984PLC010844

D Lakshmipathy
Chairman & Managing Director
DIN : 01723269

R Anand
Director
DIN : 00243485

G Srikanth
Chief Financial Officer

K Rangarajan
Chief Executive Officer

B Shalini
Company Secretary
ACS: A51334

Place: Chennai
Date: May 28, 2021

Cash Flow Statement for the year ended March 31, 2021

(All amounts are in Indian Rupees in lakhs, except share data and stated otherwise)

₹ in Lakhs

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
A. Cash Flow from Operating Activities		
Net Profit Before Tax	**47,644.08**	**34,930.05**
Adjustments for:		
Depreciation and amortization	1,138.39	1,006.85
Provision for impairment on financial instruments and write-offs	3,517.57	4,934.19
Loss on sale/retirement of property, plant and equipment (net)	2.32	0.75
Profit on sale of current investments (net)	(1,319.03)	(1,018.22)
Interest income on deposits with banks / others	(1,937.47)	(2,886.62)
Interest on loans	(99,550.11)	(71,795.80)
Finance costs	32,519.12	21,693.51
Gain recognised on derecognition of leases	(42.32)	(6.60)
Employee stock option expenses	1,509.39	168.03
Operating cash flow before working capital changes	**(16,518.06)**	**(12,973.86)**
Changes in Working Capital:		
Adjustments for (increase) / decrease in operating assets:		
Loans	(55,972.13)	(176,889.78)
Other non- financial assets	95.85	(182.64)
Other financial assets	50.22	(238.68)
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables	204.76	369.71
Provisions	36.92	52.56
Other financial liabilities	174.88	5.89
Other non financial liabilities	115.14	33.68
Net cash (used in) operations	**(71,812.42)**	**(189,823.12)**
Finance cost paid	(30,095.27)	(22,543.27)
Interest income received	99,210.18	70,257.31
Direct taxes paid (net)	(13,029.26)	(10,218.89)
Net Cash Used in Operating Activities (A)	**(15,726.77)**	**(152,327.97)**
B. Cash Flow from Investing Activities		
Purchase of fixed assets	(324.36)	(970.97)
Proceeds from sale of fixed assets	0.98	0.78
Profit on sale of current investments	1,319.03	1,018.22
Interest income on deposits with banks / others	1,778.77	2,662.85
Movement in bank balances other than cash and cash equivalent	7,439.65	(15,904.28)
Net Cash from / (used in) Investing Activities (B)	**10,214.07**	**(13,193.40)**
C. Cash Flow from Financing Activities		
Proceeds from issue of equity shares	6.28	168.25
Proceeds from securities premium (net off utilisation)	22.83	31,525.28
Fresh borrowings during the year	236,179.00	178,166.33
Repayments of borrowings (including process fee)	(132,452.49)	(36,950.21)
Payment towards leases (excluding interest)	(502.59)	(376.06)

Cash Flow Statement for the year ended March 31, 2021

(All amounts are in Indian Rupees in lakhs, except share data and stated otherwise)

₹ in Lakhs

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Net Cash inflow from Financing Activities (C)	**103,253.03**	**172,533.59**
Net Increase in Cash and Cash Equivalents (A) + (B) + (C)	**97,740.33**	**7,012.22**
Cash and Cash Equivalents at the beginning of the Year	**28,977.95**	**21,965.73**
Cash and Cash Equivalents at the end of the year	**126,718.28**	**28,977.95**

₹ in Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Notes to cash flow statement		
1. Cash and cash equivalents		
Cash on hand	425.85	57.75
Balances with banks		
(i) In current accounts	31,454.90	13,050.95
(ii) In other deposit accounts (original maturity less than 3 months)	94,837.53	15,869.25
Total	**126,718.28**	**28,977.95**

2. Change in liabilities arising from financing activities

Particulars	Debt Securities	Borrowings (other than debt securities)
As at March 31, 2019	**43,350.77**	**52,652.18**
Cash flows (net)	65,534.66	76,519.77
Others*	(999.01)	(689.06)
As at March 31, 2020	**107,886.42**	**128,482.89**
Cash flows (net)	22,158.93	84,103.62
Others*	333.21	(445.39)
As at March 31, 2021	**130,378.55**	**212,141.12**

* Others column includes the effect of amortization of processing fees etc.

Significant accounting policies 2 and 3

See accompanying notes to the financial statements

As per our report of even date
for **B S R & Co. LLP**
Chartered Accountants
Firm's registration number: 101248W/W-100022

For and on behalf of the Board of Directors of
Five-Star Business Finance Limited
CIN : U65991TN1984PLC010844

K Raghuram
Partner
Membership No: 211171

D Lakshmipathy
Chairman & Managing Director
DIN : 01723269

R Anand
Director
DIN : 00243485

G Srikanth
Chief Financial Officer

K Rangarajan
Chief Executive Officer

B Shalini
Company Secretary
ACS: A51334

Place: Chennai
Date May 28, 2021

Place: Chennai
Date: May 28, 2021

Notes forming part of the financial statements for the year ended March 31, 2021

(All amounts are in Indian Rupees in lakhs, except share data and stated otherwise)

1. Reporting entity

Five-Star Business Finance Limited ("the Company"), is a public limited company domiciled in India, and incorporated under the provisions of Companies Act 1956. The Company is a systemically important non-deposit taking Non-Banking Finance Company (NBFC). The Company has received the Certificate of Registration dated June 9, 2016 in lieu of Certificate of Registration dated December 3, 2002 from the Reserve Bank of India ("RBI") to carry on the business of Non Banking Financial Institution without accepting public deposits ("NBFC-ND"). The Company is primarily engaged in providing loans for business purposes, house renovation / extension purposes and other mortgage purposes.

2. Basis of preparation

2.1. Statement of compliance

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013, (the 'Act') as amended from time to time and other relevant provisions of the Act. Any directions issued by the RBI or other regulators are implemented as and when they become applicable.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to the existing accounting standard requires a change in the accounting policy hitherto in use.

These financial statements were authorised for issue by the Company's Board of Directors on May 28, 2021

Details of the Company's accounting policies are disclosed in note 3.

2.2. Presentation of financial statements

The Balance Sheet, the Statement of Profit and Loss and Statement of Changes in Equity are presented in the format prescribed under Division III of Schedule III as amended from time to time, for Non Banking Financial Companies ('NBFC') that are required to comply with Ind AS. The statement of cash flows has been presented as per the requirements of Ind AS 7 Statement of Cash Flows.

"The Company presents its balance sheet in order of liquidity. 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 separately.

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.

2.3. Functional and presentation currency

These financial statements are presented in Indian Rupees (INR), which is also the Company's functional currency. All amounts have been rounded-off to the nearest lakhs (upto two decimals), unless otherwise indicated.

2.4. Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items:

Items	Measurement basis
Financial assets and liabilities	Fair value /Amortised cost, as applicable
Liabilities for equity-settled share-based payment arrangements	Fair value
Net defined benefit (asset)/ liability	Fair value of plan assets less present value of defined benefit obligations

2.5. Use of estimates and judgements

The preparation of the financial statements in conformity with Ind AS requires management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

Estimation of uncertainties relating to the global health pandemic from novel coronavirus 2019 ("COVID 19"):

The Company believes that it has considered all the possible impact of the currently known events arising out of the second wave of COVID-19 pandemic in the preparation of financial statements. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company has exercised judgement, as at the date of approval of these financial statements based on internal and external sources of information including economic forecasts. The Company believes that it has considered all the possible impact of the currently known events arising out of COVID-19 pandemic in the preparation of financial statements. However, the impact assessment of COVID-19 is a continuing process given its uncertainty in nature and duration, this may have corresponding impact in the financial position. The Company will continue to monitor any material changes to the future economic conditions. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these financial statements.

Information about judgements, estimates and assumptions made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

i). Business model assessment

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

ii). Fair value of financial instruments

The fair value of financial instruments 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 another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values.

iii). Effective Interest Rate ("EIR") method

The Company's EIR methodology, as explained in Note 3.1(A), recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioral life of loans given / taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and delayed interest and charges).

This estimation, by nature, requires an element of judgement regarding the expected behavior and life-cycle of the instruments, as well as expected changes to interest rates and other fee income/ expense that are integral parts of the instrument.

iv). Impairment of financial asset

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

The Company's expected credit loss ("ECL") calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include :

a) The Company's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a life time expected credit loss ("LTECL") basis.

b) Development of ECL models, including the various formulae and the choice of inputs.

c) Determination of associations between macroeconomic scenarios and economic inputs, such as gross domestic products, lending interest rates and collateral values, and the effect on probability of default ("PD"), exposure at default ("EAD") and loss given default ("LGD").

d) Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into ECL models.

v). Provisions and other contingent liabilities

The Company operates in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent to its operations. As a result, it is involved in various litigation, arbitration and regulatory investigations and proceedings in the ordinary course of the Company's business.

When the Company can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows to be probable, the Company records a provision against the case. Where the outflow is considered to be probable, but a reliable estimate cannot be made, a contingent liability is disclosed.

Given the subjectivity and uncertainty of determining the probability and amount of losses, the Company takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents. Significant judgement is required to conclude on these estimates.

These estimates and judgements are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances. Management believes that the estimates used in preparation of the financial statements are prudent and reasonable.

vi). Leases

The estimates and judgements related to leases include:

a) The determination of lease term for some lease contracts in which the Company is a lessee, including whether the Company is reasonably certain to exercise lessee options.

b) The determination of the incremental borrowing rate used to measure lease liabilities.

vii). Other assumptions and estimation uncertainities

Information about critical judgements in applying accounting policies, as well as estimates and assumptions that have the most significant effect to the carrying amounts of assets and liabilities within the next financial year are included in the following notes:

i) Measurement of defined benefit obligations: key actuarial assumptions;

ii) Estimated useful life of property, plant and equipment and intangible assets;

iii) Recognition of deferred taxes.

3. Significant accounting policies

3.1. Revenue Recognition

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

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

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

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or 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. Effective Interest Rate ('EIR') Method
Under Ind AS 109, interest income is recorded using the effective interest rate method for all financial instruments measured at amortised cost. 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 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 financial instrument.

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 EIR to the gross carrying amount of financial assets.

When a financial asset becomes credit impaired and is, therefore, regarded as 'stage 3', the Company continues to calculate interest income on the gross carrying amount of the financial asset.

B. Dividend income
Dividend income is recognised when the Company's right to receive the payment is established and it is probable that the economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably. This is generally when the shareholders approve the dividend.

C. Other interest income
Other interest income is recognised on a time proportionate basis.

D. Fee income
Fees income such as legal inspection charges, cheque bounce charges are recognised on point in time basis.

E. Others
Delayed interest and other operating income are recognized as income upon certainty of receipt.
Profit / loss on sale of investments is recognised at the time of sale or redemption and is computed based on First in First out method.

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

3.2. Financial instrument - initial recognition

A. Date of recognition

Debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

B. Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value, except in the case of financial assets and financial liabilities recorded at fair value through profit and loss (FVTPL), transaction costs are added to, or subtracted from this amount.

C. Measurement categories of financial assets and liabilities

The Company classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

(i). Amortised cost

(ii). FVOCI

(iii). FVTPL

3.3. Financial assets and liabilities

A. Financial assets

Business model assessment

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

a) How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Company's key management personnel.

b) The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed.

c) How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

d) The expected frequency, value and timing of sales are also important aspects of the Company's assessment.

SPPI test

As a second step of its classification process, the Company assesses the contractual terms of financial assets to identify whether they meet SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of financial asset (for example, if there are repayments of principal or amortisation of the premium/ discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Company applies judgement and considers relevant factors such as the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than the minimum exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

Accordingly, financial assets are measured as follows based on the existing business model:

i). Financial assets carried at amortised cost (AC)

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

ii). Financial assets at fair value through profit or loss (FVTPL)

A financial asset which is not classified as measured at amortised cost/ FVOCI are measured at FVTPL.

3.3. Financial assets and liabilities

B. Financial liabilities

i). Initial recognition and measurement

All financial liabilities are initially recognized at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial liability, which are not at fair value through profit or loss, are adjusted to the fair value on initial recognition.

ii). Subsequent measurement

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

3.4. Reclassification of financial assets and liabilities

The Company does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified. The Company did not reclassify any of its significant financial assets or liabilities in the year ended March 31, 2021 and March 31, 2020.

3.5. Derecognition of financial assets and liabilities

A. Derecognition of financial assets due to substantial modification of terms and conditions

The Company derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognised loans are classified as Stage 1 for ECL measurement purposes.

B. Derecognition of financial assets other than due to substantial modification

i). Financial Assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the contractual rights to the cash flows from the financial asset expires or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in the statement of profit and loss.

ii). Financial Liability

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 a derecognition 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 the statement of profit and loss.

3.6. Impairment of financial assets

A. Overview of ECL principles

In accordance with Ind AS 109, the Company uses ECL model, for evaluating impairment of financial assets other than those measured at fair value through profit and loss (FVTPL). When estimating LTECLs for undrawn loan commitments, the Company estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down.

Expected credit losses are measured through a loss allowance at an amount equal to:

i) The 12-months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or

ii) Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument)

Both LTECLs and 12 months ECLs are calculated on collective basis.

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

Stage 1: When loans are first recognised, the Company recognises an allowance based on 12 months ECL. Stage 1 loans includes those loans where there is no significant credit risk observed and also includes facilities where the credit risk has been improved and the loan has been reclassified from stage 2 or stage 3.

Stage 2: When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the life time ECL. Stage 2 loans also includes facilities where the credit risk has improved and the loan has been reclassified from stage 3.

Stage 3: Loans considered credit impaired are the loans which are past due for more than 90 days. The Company records an allowance for life time ECL.

B. Calculation of ECLs

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

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

EAD: Exposure at Default ("EAD") is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest.

LGD: Loss Given Default ("LGD") is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD. The Company has calculated PD, EAD and LGD to determine impairment loss on the portfolio of loans and discounted at an approximation to the EIR. At every reporting date, the above calculated PDs, EAD and LGDs are reviewed and changes in the forward looking estimates are analysed.

The mechanics of the ECL method are summarised below:

Stage 1: The 12 months ECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Company calculates the 12 months ECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-months default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR.

Stage 2: When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECLs. The mechanics are similar to those explained above, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

Stage 3: For loans considered credit-impaired, the Company recognises the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.

C. Forward looking information

In its ECL models, the Company relies on a broad range of forward looking macro parameters and estimated the impact on the default at a given point of time. (Also Refer Note No: 51)

3.7. Write-offs

Financial assets are written off when the Company has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to the statement of profit and loss.

3.8. Determination of fair value

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company has taken into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 financial instruments: Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Company has access to at the measurement date. The Company considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date;

Level 2 financial instruments: Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads; and

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

3.9. Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency of the Company, at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Exchange differences are recognized in profit or loss.

3.10. Property, plant and equipment

i. Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

ii. Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

iii. Depreciation

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives using the written down value method, and is generally recognised in the statement of profit and loss.

The Company follows estimated useful lives which are given under Part C of the Schedule II of the Companies Act, 2013. The estimated useful lives of items of property, plant and equipment for the current and comparative periods are as follows:

Asset category	Estimated Useful life
Vehicles	8 years
Furniture and fittings	10 years
Office equipment	5 years
Computers and accessories	3 years
Servers	6 years

Leasehold improvements are depreciated over the remaining period of lease or estimated useful life of the assets, whichever is lower. Depreciation on additions (disposals) is provided on a pro-rata basis i.e. from (upto) the date on which asset is ready for use (disposed of).

3.11. Intangible assets

i. Recognition & Measurement

Intangible assets including those acquired by the Company are initially measured at cost. Such intangible assets are subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

ii. Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

iii. Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values over their estimated useful lives using the straight line method and is included in depreciation and amortisation in Statement of Profit and Loss.

Asset category	Estimated Useful life
Computer softwares	5 years

Amortisation method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.

3.12. Employee benefits

i. Post-employment benefits

Defined contribution plan

The Company's contribution to provident fund is considered as defined contribution plan and are charged as an expense as they fall due based on the amount of contribution required to be made and when the services are rendered by the employees.

Defined benefit plans

Gratuity

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan ('the asset ceiling'),if any. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses and the effect of the asset ceiling (if any, excluding interest), are recognised in OCI. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

ii. Other long-term employee benefits

Compensated absences

The employees can carry forward a portion of the unutilised accrued compensated absences and utilise it in future service periods or receive cash compensation on termination of employment. Since the compensated absences do not fall due wholly within twelve months after the end of such period, the benefit is classified as a long-term employee benefit. The Company records an obligation for such compensated absences in the period in which the employee renders the services that increase this entitlement. The obligation is measured on the basis of independent actuarial valuation using the projected unit credit method.

iii. Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognized during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the year in which the employee renders the related service. The cost of such compensated absences is accounted as under :

(a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and

(b) in case of non-accumulating compensated absences, when the absences occur.

iv. Stock based compensation

The grant date fair value of equity settled share based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as expense is based on the estimate of the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market vesting conditions at the vesting date.

3.13. Provisions, contingent liabilities and contingent assets

Provisions

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 expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

Contingent liability

A possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or; present obligation that arises from past events where it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability are disclosed as contingent liability and not provided for.

Contingent asset

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non- occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are neither recognised nor disclosed in the financial statements.

3.14. Leases

Effective April 1, 2019, the Company has adopted Ind-AS 116 - Leases and applied it to all lease contracts existing on 01 April 2019 using the modified retrospective method. Based on the same and as permitted under the specific transitional provisions in the standard, the Company is not required to restate the figures prior to April 1, 2019.

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:
- Leases of low value assets; and
- Leases with a duration of 12 months or less.

The following policies apply subsequent to the date of initial application, April 1, 2019.

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term.The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable and amounts expected to be paid under residual value guarantees.
In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

The Company recognises right-of-use assets at the commencement date of the lease (i.e.the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Company determines the lease term as the initial period agreed in the lease agreement , together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the initial period agreed in the lease agreement.

3.15. Income tax

Income tax comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income.

i. Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

ii. Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits. Deferred tax is not recognised for temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction; temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets – unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

3.16. Borrowing cost

Borrowing costs are interest and other costs incurred in connection with the borrowings of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalized as part of the cost of the asset. Other borrowings costs are recognized as an expense in the statement of profit and loss account on an accrual basis using the effective interest method.

3.17. Cash and cash equivalents

Cash and cash equivalents comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

3.18. Segment reporting- Identification of segments:

An operating segment is a component of the Company that engages in business activities from which it many earn revenues and incur expenses, whose operating results are regularly reviewed by the Company's Chief Operating Decision Maker (CODM) to make decisions for which discrete financial information is available. Based on the management approach as defined in Ind AS 108 Operating Segments, the CODM evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by business segements and geographic segments.

3.19. Earnings per share

The Company reports basic and diluted earnings per equity share in accordance with Ind AS 33, Earnings Per Share. Basic earnings per equity share is computed by dividing net profit / loss after tax attributable to the equity share holders for the year by the weighted average number of equity shares outstanding during the year. Diluted earnings per equity share is computed and disclosed by dividing the net profit/ loss after tax attributable to the equity share holders for the year after giving impact of dilutive potential equity shares for the year by the weighted average number of equity shares and dilutive potential equity shares outstanding during the year, except where the results are anti-dilutive.

3.20. Cash flow statement

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non–cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, financing and investing activities of the Company are segregated. Cash flows in foreign currencies are accounted at the actual rates of exchange prevailing at the dates of the transactions.

3.21. Impairment of non-financial assets

The Company determines periodically whether there is any indication of impairment of the carrying amount of its non-financial assets. The recoverable amount (higher of net selling price and value in use) is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. The recoverable amounts of such asset are estimated, if any indication exists and impairment loss is recognized wherever the carrying amount of the asset exceeds its recoverable amount. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

3.22. Standards issued but not yet effective

On March 24, 2021, the Ministry of Corporate Affairs (""MCA"") through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from April 1, 2021. Key amendments relating to Division III which relate to companies whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015 are:

Balance Sheet:

• Certain additional disclosures in the statement of changes in equity such as changes in equity share capital due to prior period errors and restated balances at the beginning of the current reporting period.

• Specified format for disclosure of shareholding of promoters.

• Specified format for ageing schedule of trade receivables, trade payables, capital work-in-progress and intangible asset under development.

• If a company has not used funds for the specific purpose for which it was borrowed from banks and financial institutions, then disclosure of details of where it has been used.

• Specific disclosure under 'additional regulatory requirement' such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of company, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties, details of benami property held etc.

Statement of profit and loss:

• Additional disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency specified under the head 'additional information' in the notes forming part of the standalone financial statements.

The amendments are extensive, and the Company will evaluate the same to give effect to them as required by law.

Notes forming part of the financial statements for the year ended March 31, 2021

(All amounts are in Indian Rupees in lakhs, except share data and stated otherwise)

₹ in Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
4. Cash and cash equivalents		
Cash on hand	425.85	57.75
Balances with banks		
(i) In current accounts	31,454.90	13,050.95
(ii) In other deposit accounts (original maturity less than 3 months)	94,837.53	15,869.25
Total	**126,718.28**	**28,977.95**
5. Bank Balances other than cash and cash equivalents		
Fixed deposit with bank	8,850.03	16,129.41
In earmarked accounts		
Unclaimed Dividend account	3.96	5.53
Total	**8,853.99**	**16,134.94**

Note: Fixed deposits amounting to INR 7642.57 lakhs (March 31,2020: 2405.63 lakhs) have been provided as credit enhancement for securitisation transactions.

Particulars	As at March 31, 2021	As at March 31, 2020
6. Loans (At amotised cost)		
A. Based on nature		
Term Loans		
Gross term loans	**444,538.09**	**389,222.85**
Less: Impairment loss allowance	8,663.15	6,142.41
Net term loans	**435,874.94**	**383,080.44**
B. Based on security		
Secured by tangible assets	444,538.09	389,222.85
Unsecured	-	-
Gross term loans	**444,538.09**	**389,222.85**
Less: Impairment loss allowance	8,663.15	6,142.41
Net term loans	**435,874.94**	**383,080.44**
C. Based on region		
Loans in India		
Public sector	-	-
Others	444,538.09	389,222.85
Less: Impairment loss allowance	8,663.15	6,142.41
Total	**435,874.94**	**383,080.44**
Loans outside India		
Less: Impairment loss allowance	-	-
Total	**435,874.94**	**383,080.44**

Note: Secured exposures are secured wholly by mortgage of property.

₹ in Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
7. Other financial assets		
Unsecured, considered good		
Security deposits	369.56	363.22
Other receivables	104.78	161.35
Total	**474.34**	**524.57**
8. Current tax assets (net)		
Advance income tax, net of provision	795.79	435.46
	795.79	435.46
9. Investment Property		
Cost or deemed cost (Gross carrying amount)		
Balance at the beginning of the year	3.56	3.56
Acquisitions	-	-
Transfer from property, plant and equipment	-	-
Balance at the end of the year	**3.56**	**3.56**
Accumulated depreciation		
Balance at the beginning of the year	-	-
Depreciation for the year	-	-
Balance at the end of the year	**-**	**-**
Net carrying amounts	**3.56**	**3.56**
Fair value	**6.86**	**6.86**
10. Other non-financial assets		
Capital advances	42.62	72.76
Prepaid expenses	331.14	404.87
Balance with government authorities	79.01	70.99
	452.77	**548.62**

11. Property, plant and equipment and capital work-in-progress

₹ in Lakhs

Particulars	Furniture and fittings	Computers and accessories	Office equipments	Vehicles	Leasehold improvements	Total
Cost or deemed cost (gross carrying amount)						
As at March 31, 2019	**384.20**	**393.26**	**105.94**	**39.26**	**398.65**	**1,321.31**
Additions / Transfer-in	225.42	478.46	152.77	-	6.30	862.95
Disposals / Transfer-out	4.20	-	0.16	-	-	4.36
As at March 31, 2020	**605.42**	**871.72**	**258.55**	**39.26**	**404.95**	**2,179.90**
Additions / Transfer-in	133.72	81.28	59.00	-	0.05	274.05
Disposals / Transfer-out	10.14	0.47	0.06	-	-	10.67
As at March 31, 2021	**729.00**	**952.53**	**317.49**	**39.26**	**405.00**	**2,443.28**
Accumulated depreciation						
As at March 31, 2019	**109.22**	**212.16**	**47.37**	**20.63**	**187.52**	**576.90**
Depreciation for the year	100.42	250.33	54.75	5.78	88.46	499.74
On disposals	2.81	-	0.02	-	-	2.83
As at March 31, 2020	**206.83**	**462.49**	**102.10**	**26.41**	**275.98**	**1,073.81**
Depreciation for the year	119.92	277.81	83.94	3.96	45.62	531.25
On disposals	6.99	0.34	0.05	-	-	7.38
As at March 31, 2021	**319.76**	**739.96**	**185.99**	**30.37**	**321.60**	**1,597.68**
Carrying amount (net)						
As at March 31, 2020	**398.59**	**409.23**	**156.45**	**12.85**	**128.97**	**1,106.09**
As at March 31, 2021	**409.24**	**212.57**	**131.50**	**8.89**	**83.40**	**845.60**

12. Other Intangible assets

₹ in Lakhs

Particulars	Softwares	Total
Cost or deemed cost (gross carrying amount)		
As at March 31, 2019	**295.92**	**295.92**
Additions / Transfer-in	59.75	59.75
Disposals / Transfer-out	-	-
As at March 31, 2020	**355.67**	**355.67**
Additions / Transfer-in	50.31	50.31
Disposals / Transfer-out	-	-
As at March 31, 2021	**405.98**	**405.98**
Accumulated amortisation		
As at March 31, 2019	**94.12**	**94.12**
Amortisation for the year	68.75	68.75
On disposals	-	-
As at March 31, 2020	**162.87**	**162.87**

₹ in Lakhs

Particulars	Softwares	Total
Amortisation for the year	52.81	52.81
On disposals	-	-
As at March 31, 2021	**215.68**	**215.68**
Carrying amount (net)		
As at March 31, 2020	**192.80**	**192.80**
As at March 31, 2021	**190.30**	**190.30**

₹ in Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
13. Payables		
13.1. Trade payables		
total outstanding dues of micro and small enterprises	-	-
total outstanding dues of creditors other than micro and small enterprises	662.40	292.69
14.1. Debt securities (refer note 15.1)		
At amortised cost		
Secured debentures		
Nil, (March 31, 2020 - 750) 11.45% redeemable, non-convertible debentures of INR 1 lakh each	-	753.99
Nil, (March 31, 2020 - 1,250) 11.45% redeemable, non-convertible debentures of INR 1 lakh each	-	1,259.79
Nil, (March 31, 2020 - 300) 13.60% redeemable, non-convertible debentures of INR 10 lakh each	-	894.41
1,350 (March 31, 2020 - 2000), 10.30% redeemable, non-convertible debentures of INR 10 lakh each	20,022.58	20,022.51
Nil, (March 31, 2020 - 300) 11.50% redeemable, non-convertible debentures of INR 10 lakh each	-	2,338.01
Nil, (March 31, 2020 - 240) 11.25% redeemable, non-convertible debentures of INR 10 lakh each	-	2,422.00
Nil, (March 31, 2020 - 450) 11.50% redeemable, non-convertible debentures of INR 10 lakh each	-	3,507.02
Nil, (March 31, 2020 - 5000) 12.64% redeemable, non-convertible debentures of INR 10 lakh each	-	50,051.80
1000, (March 31, 2020 - 1000) 12.64% redeemable, non-convertible debentures of INR 10 lakh each	10,020.46	10,010.92
30,000,000, (March 31, 2020 - 30,000,000) 11.40% redeemable, non-convertible debentures of INR 10 lakh each	3,001.09	3,001.08
2000, (March 31, 2020 - 2000) 12.28% redeemable, non-convertible debentures of INR 10 lakh each	2,510.58	2,222.32

₹ in Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
1250, (March 31, 2020 - 1250) 11.88% redeemable, non-convertible debentures of INR 10 each	12,637.71	12,641.63
Nil, (March 31, 2020 - 420) 12.50% redeemable, non-convertible debentures of INR 10 lakh each	-	0.60
Nil, (March 31, 2020 - 3,300) 12.50% redeemable, non-convertible debentures of INR 10 lakh each	-	4.75
Nil, (March 31, 2020 - 450) 12.50% redeemable, non-convertible debentures of INR 100 each	-	0.65
Nil, (March 31, 2020 - 180) 12.50% redeemable, non-convertible debentures of INR 100 each	-	0.26
Nil, (March 31, 2020- 100) 12.50% redeemable, non-convertible debentures of INR 100 each	-	0.14
150 lakhs, (March 31, 2020 - Nil) 12.75% redeemable, non-convertible debentures of INR 100 each	1,500.52	-
150, (March 31, 2020 - Nil) 10.50% redeemable, non-convertible debentures of INR 100 each	1,631.32	-
250, (March 31, 2020 - Nil) 11.00% redeemable, non-convertible debentures of INR 10 lakhs each	2,515.07	-
500, (March 31, 2020 - Nil) 11.00% redeemable, non-convertible debentures of INR 10 lakhs each	5,105.48	-
150, (March 31, 2020 - Nil) 11.00% redeemable, non-convertible debentures of INR 10 lakhs each	1,531.64	-
500, (March 31, 2020 - Nil) 11.00% redeemable, non-convertible debentures of INR 10 lakhs each	5,105.48	-
500, (March 31, 2020 - Nil) 9.75% redeemable, non-convertible debentures of INR 10 lakhs each	5,363.29	-
500, (March 31, 2020 - Nil) 9.75% redeemable, non-convertible debentures of INR 10 lakhs each	5,325.89	-
500, (March 31, 2020 - Nil) 9.75% redeemable, non-convertible debentures of INR 10 lakhs each	5,325.89	-
250, (March 31, 2020 - Nil) 9.50% redeemable, non-convertible debentures of INR 10 lakhs each	2,645.75	-
250, (March 31, 2020 - Nil) 9.50% redeemable, non-convertible debentures of INR 10 lakhs each	2,645.75	-
2500, (March 31, 2020- Nil) 10.05% redeemable, non-convertible debentures of INR 1 lakh each	2,647.77	-
700, (March 31, 2020 - Nil) 10.91% redeemable, non-convertible debentures of INR 10 lakhs each	7,004.41	-
250, (March 31, 2020 - Nil) 9.50% redeemable, non-convertible debentures of INR 10 lakhs each	2,586.54	-
750, (March 31, 2020 - Nil) 8.88% redeemable, non-convertible debentures of INR 10 lakhs each	7,695.17	-

₹ in Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
500, (March 31, 2020 - Nil) 8.88% redeemable, non-convertible debentures of INR 10 lakhs each	5,128.88	-
2000, (March 31, 2020 - Nil) 9.84% redeemable, non-convertible debentures of INR 1 lakh each	2,058.30	-
2000, (March 31, 2020- Nil) 10.12% redeemable, non-convertible debentures of INR 1 lakh each	2,059.95	-
1500 (March 31, 2020 - Nil) 8.65% redeemable, non-convertible debentures of INR 10 lakh each	15,221.28	-
Total	**131,290.80**	**109,131.88**
Less: Unamortised processing fee	(912.25)	(1,245.46)
Total	**130,378.55**	**107,886.42**
Debts securities in India	130,378.55	107,886.42
Debts securities outside India	-	-
Total	**130,378.55**	**107,886.42**

15. Borrowings (other than debt securities) (refer note 15.1)

At amortised cost		
Term loans (secured)		
From banks	97,972.03	77,589.54
From other parties	31,055.14	17,725.22
Borrowings Under Securitization	84,282.94	34,088.33
Loans repayable on demand (secured)		
From banks	196.60	-
Total	**213,506.71**	**129,403.09**
Less: Unamortised processing fee	(1,365.59)	(920.20)
Total	**212,141.12**	**128,482.89**
Borrowings in India	212,141.12	128,482.89
Borrowings outside India	-	-
Total	**212,141.12**	**128,482.89**

Loans repayable on demand includes on cash credit and working capital demand loans from banks which are secured by specific charge on identified receivables. As at 31 March 2021, the rate of interest across the cash credit and working capital demand loans was in the range of 9.25% p.a to 11.45% p.a (March 31, 2020 - 10.20% p.a to 12.00% p.a)

The Company has not defaulted in the repayment of the borrowings (including debt securities).

15.1. Details of terms of redemption/repayment and security provided in respect of debt securities and borrowings

₹ in Lakhs

Particulars	Repayment terms	Tenor	Earliest installment date	As at March 31, 2021	As at March 31, 2020
Secured debentures					
Nil, (March 31, 2020 - 750) 11.45% redeemable, non-convertible debentures of INR 1 lakh each	Principal payment frequency: Repayable in 48 months in 9 quarterly installments Coupon payment frequency: Monthly	48 months	April 15, 2019	-	753.99
Nil, (March 31, 2020 - 1,250) 11.45% redeemable, non-convertible debentures of INR 1 lakh each	Principal payment frequency: Repayable in 48 months in 9 quarterly installments Coupon payment frequency: Monthly	48 months	March 7, 2019	-	1,259.79
Nil, (March 31, 2020 - 300) 13.60% redeemable, non-convertible debentures of INR 10 lakh each	Principal payment frequency: Repayable in 60 months in 7 half-yearly installments Coupon payment frequency: Half Yearly	60 months	December 6, 2017	-	894.41
2,000 (March 31, 2020 - 2000), 10.30% redeemable, non-convertible debentures of INR 10 lakh each	Principal payment frequency: Repayable in 4 quarterly installments Coupon payment frequency: Quarterly	60 months	June 28, 2022	20,022.58	20,022.51
Nil, (March 31, 2020 - 300) 11.50% redeemable, non-convertible debentures of INR 10 lakh each	Principal payment frequency: Repayable in 4 quarterly installments Coupon payment frequency: Half Yearly	48 months	March 30, 2020	-	2,338.01
Nil, (March 31, 2020 - 240) 11.25% redeemable, non-convertible debentures of INR 10 lakh each	Principal payment frequency: Entire principal repayable at maturity Coupon payment frequency: Half Yearly	48 months	February 28, 2021	-	2,422.00
Nil, (March 31, 2020 - 450) 11.50% redeemable, non-convertible debentures of INR 10 lakh each	Principal payment frequency: Repayable in 4 quarterly installments Coupon payment frequency: Half Yearly	48 months	March 30, 2020	-	3,507.02
Nil, (March 31, 2020 - 5000) 12.64% redeemable, non-convertible debentures of INR 10 lakh each	Principal payment frequency: Repayable in 12 monthly installments Coupon payment frequency: Quarterly	36 months	April 29, 2021	-	50,051.80
1000, (March 31, 2020 - 1000) 12.64% redeemable, non-convertible debentures of INR 10 lakh each	Principal payment frequency: Repayable in 12 monthly installments Coupon payment frequency: Quarterly	36 months	April 29, 2021	10,020.46	10,010.92
300 lakhs, (March 31, 2020 - 300 lakhs) 11.40% redeemable, non-convertible debentures of INR 10 each	Principal payment frequency: Entire principal repayable at maturity Coupon payment frequency: Monthly	60 months	April 11, 2024	3,001.09	3,001.08

15.1. Details of terms of redemption/repayment and security provided in respect of debt securities and borrowings

₹ in Lakhs

Particulars	Repayment terms	Tenor	Earliest installment date	As at March 31, 2021	As at March 31, 2020
2000, (March 31, 2020 - 2000) 12.28% redeemable, non-convertible debentures of INR 1 lakh each	Principal payment frequency: Entire principal repayable at maturity Coupon payment frequency: Entire interest repayable at maturity	38 months	July 3, 2022	2,510.58	2,222.32
1250, (March 31, 2020 - 1250) 11.88% redeemable, non-convertible debentures of INR 10 lakh each	Principal payment frequency: Entire principal repayable at maturity Coupon payment frequency: Half Yearly	72 months	August 28, 2025	12,637.71	12,641.63
Nil, (March 31, 2020 - 420) 12.50% redeemable, non-convertible debentures of INR 100 each	Principal payment frequency: Entire principal repayable at maturity Coupon payment frequency: Entire interest repayable at maturity	36 months	November 19, 2014	-	0.60
Nil, (March 31, 2020 - 3,300) 12.50% redeemable, non-convertible debentures of INR 100 each	Principal payment frequency: Entire principal repayable at maturity Coupon payment frequency: Entire interest repayable at maturity"	36 months	April 14, 2015	-	4.75
Nil, (March 31, 2020 - 450) 12.50% redeemable, non-convertible debentures of INR 100 each	Principal payment frequency: Entire principal repayable at maturity Coupon payment frequency: Entire interest repayable at maturity	36 months	May 24, 2015	-	0.65
Nil, (March 31, 2020 - 180) 12.50% redeemable, non-convertible debentures of INR 100 each	Principal payment frequency: Entire principal repayable at maturity Coupon payment frequency: Entire interest repayable at maturity	12 months	August 2, 2013	-	0.26
Nil, (March 31, 2020 - 100) 12.50% redeemable, non-convertible debentures of INR 100 each	Principal payment frequency: Entire principal repayable at maturity Coupon payment frequency: Entire interest repayable at maturity	36 months	December 12, 2015	-	0.14
150 lakhs, (March 31, 2020 - Nil) 12.75% redeemable, non-convertible debentures of INR 10 each	Principal payment frequency: Repayable yearly in 4 installments Coupon payment frequency: Quarterly	72 months	March 31, 2023	1,500.52	-
150, (March 31, 2020- Nil) 10.50% redeemable, non-convertible debentures of INR 10 lakh each	Principal payment frequency: Entire principal repayable at maturity Coupon payment frequency: Yearly	36 months	May 26, 2023	1,631.32	-

15.1. Details of terms of redemption/repayment and security provided in respect of debt securities and borrowings

₹ in Lakhs

Particulars	Repayment terms	Tenor	Earliest installment date	As at March 31, 2021	As at March 31, 2020
250, (March 31, 2020 - Nil) 11.00% redeemable, non-convertible debentures of INR 10 lakh each	Principal payment frequency: Entire principal repayable at maturity Coupon payment frequency: Quarterly	36 months	June 12, 2023	2,515.07	-
500, (March 31, 2020 - Nil) 11.00% redeemable, non-convertible debentures of INR 10 lakh each	Principal payment frequency: Entire principal repayable at maturity Coupon payment frequency: Quarterly	33 months	April 21, 2023	5,105.48	-
150, (March 31, 2020 - Nil) 11.00% redeemable, non-convertible debentures of INR 10 lakh each	Principal payment frequency: Entire principal repayable at maturity Coupon payment frequency: Quarterly	33 months	April 21, 2023	1,531.64	-
500, (March 31, 2020 - Nil) 11.00% redeemable, non-convertible debentures of INR 10 lakh each	Principal payment frequency: Entire principal repayable at maturity Coupon payment frequency: Quarterly	33 months	April 21, 2023	5,105.48	-
500, (March 31, 2020 - Nil) 9.75% redeemable, non-convertible debentures of INR 10 lakh each	Principal payment frequency: Entire principal repayable at maturity Coupon payment frequency: Half Yearly	18 months	January 3, 2022	5,363.29	-
500, (March 31, 2020 - Nil) 9.75% redeemable, non-convertible debentures of INR 10 lakh each	Principal payment frequency: Entire principal repayable at maturity Coupon payment frequency: Half Yearly	18 months	January 31, 2022	5,325.89	-
500, (March 31, 2020 - Nil) 9.75% redeemable, non-convertible debentures of INR 10 lakh each	Principal payment frequency: Entire principal repayable at maturity Coupon payment frequency: Half Yearly	18 months	January 31, 2022	5,325.89	-
250, (March 31, 2020 - Nil) 9.50% redeemable, non-convertible debentures of INR 10 lakh each	Principal payment frequency: Entire principal repayable at maturity Coupon payment frequency: Half Yearly	18 months	February 21, 2022	2,645.75	-
250, (March 31, 2020 - Nil) 9.50% redeemable, non-convertible debentures of INR 10 lakh each	Principal payment frequency: Entire principal repayable at maturity Coupon payment frequency: Half Yearly	18 months	February 21, 2022	2,645.75	-
2500, (March 31, 2020 - Nil) 10.05% redeemable, non-convertible debentures of INR 1 lakh each	Principal payment frequency: Entire principal repayable at maturity Coupon payment frequency: Entire interest repayable at maturity	30 months	February 28, 2023	2,647.77	-

15.1. Details of terms of redemption/repayment and security provided in respect of debt securities and borrowings

₹ in Lakhs

Particulars	Repayment terms	Tenor	Earliest installment date	As at March 31, 2021	As at March 31, 2020
700, (March 31, 2020 - Nil) 10.91% redeemable, non-convertible debentures of INR 10 lakh each	Principal payment frequency: Entire principal repayable at maturity Coupon payment frequency: Half Yearly	36 months	September 30, 2023	7,004.41	-
250, (March 31, 2020 - Nil) 9.50% redeemable, non-convertible debentures of INR 10 lakh each	Principal payment frequency: Entire principal repayable at maturity Coupon payment frequency: Yearly	18 months	May 19, 2022	2,586.54	-
750, (March 31, 2020 - Nil) 8.88% redeemable, non-convertible debentures of INR 10 lakh each	Principal payment frequency: Entire principal repayable at maturity Coupon payment frequency: Entire interest repayable at maturity	24 months	December 16, 2022	7,695.17	-
500, (March 31, 2020 - Nil) 8.88% redeemable, non-convertible debentures of INR 10 lakh each	Principal payment frequency: Entire principal repayable at maturity Coupon payment frequency: Entire interest repayable at maturity	24 months	December 17, 2022	5,128.88	-
2000, (March 31, 2020 - Nil) 9.84% redeemable, non-convertible debentures of INR 1 lakh each	Principal payment frequency: Entire principal repayable at maturity Coupon payment frequency: Entire interest repayable at maturity	15 months	March 15, 2022	2,058.30	-
2000, (March 31, 2020 - Nil) 10.12% redeemable, non-convertible debentures of INR 1 lakh each	Principal payment frequency: Entire principal repayable at maturity Coupon payment frequency: Entire interest repayable at maturity	30 months	June 15, 2023	2,059.95	-
1500 (March 31, 2020 - Nil) 8.65% redeemable, non-convertible debentures of INR 10 lakh each	Principal payment frequency: Entire principal repayable at maturity Coupon payment frequency: Entire interest repayable at maturity	27 months	April 30, 2023	15,221.28	-
Total				**131,290.80**	**109,131.88**

All debentures are secured by pari passu charge on immoveable property and exclusive first charge on book debts with security cover ranging from 1 to 1.25 times of the outstanding amount at any point in time

₹ in Lakhs

Particulars	Repayment terms	Tenor	Earliest installment date	As at March 31, 2021	As at March 31, 2020
Term loans from banks					
Term Loan 1	Repayable in 48 monthly installments	48 months	April 15, 2017	3.73	506.23
Term Loan 2	Repayable in 60 monthly installments	60 months	March 3, 2019	2,231.74	3,003.52
Term Loan 3	Repayable in 36 monthly installments	36 months	May 1, 2019	1,093.91	2,103.68
Term Loan 4	Repayable in 20 quarterly installments	60 months	June 30, 2019	3,000.88	4,001.17
Term Loan 5	Repayable in 36 monthly installments	36 months	February 5, 2019	705.38	1,555.17
Term Loan 6	Repayable in 36 monthly installments	36 months	April 5, 2018	0.18	556.95
Term Loan 7	Repayable in 36 monthly installments	36 months	May 5, 2018	36.53	398.66
Term Loan 8	Repayable in 48 monthly installments	48 months	April 23, 2018	-	250.00
Term Loan 9	Repayable in 48 monthly installments	48 months	April 23, 2018	246.38	492.75
Term Loan 10	Repayable in 60 monthly installments	60 months	December 5, 2015	-	8.63
Term Loan 11	Repayable in 36 monthly installments	36 months	May 7, 2017	-	35.12
Term Loan 12	Repayable in 56 monthly installments	60 months	July 28, 2016	-	118.21
Term Loan 13	Repayable in 12 quarterly installments	36 months	May 28, 2018	-	672.14
Term Loan 14	Repayable in 34 monthly installments	36 months	September 30, 2017	-	264.78
Term Loan 15	Repayable in 34 monthly installments	36 months	May 21, 2018	-	647.23
Term Loan 16	Repayable in 40 monthly installments	42 months	September 30, 2018	1,125.31	2,625.73
Term Loan 17	Repayable in 34 monthly installments	36 months	May 18, 2019	1,618.10	3,383.30
Term Loan 18	Repayable in 12 quarterly installments	39 months	August 9, 2017	-	42.04
Term Loan 19	Repayable in 60 monthly installments	60 months	May 2, 2016	-	122.40
Term Loan 20	Repayable in 9 half-yearly installments	60 months	March 28, 2018	111.11	222.22
Term Loan 21	Repayable in 58 monthly installments	60 months	April 30, 2017	696.67	1,483.50
Term Loan 22	Repayable in 36 monthly installments	36 months	May 5, 2018	70.19	911.45
Term Loan 23	Repayable in 60 monthly installments	60 months	January 30, 2020	2,319.44	2,876.76
Term Loan 24	Repayable in 60 monthly installments	60 months	April 30, 2020	2,938.92	4,024.74
Term Loan 25	Repayable in 36 monthly installments	36 months	May 31, 2019	1,625.00	3,125.00
Term Loan 26	Repayable in 36 monthly installments	36 months	June 30, 2019	1,178.21	2,187.66
Term Loan 27	Repayable in 57 monthly installments	60 months	September 30, 2019	666.76	877.46
Term Loan 28	Repayable in 48 monthly installments	48 months	July 29, 2019	843.75	1,218.75
Term Loan 29	Repayable in 33 monthly installments	36 months	December 30, 2019	1,288.64	2,197.58
Term Loan 30	Repayable in 36 monthly installments	36 months	September 25, 2019	951.84	1,627.41
Term Loan 31	Repayable in 60 monthly installments	62 months	January 30, 2020	15,258.90	19,506.73
Term Loan 32	Repayable in 36 monthly installments	36 months	May 1, 2020	2,803.14	4,000.00
Term Loan 33	Repayable in 57 monthly installments	60 months	June 25, 2020	369.42	3,751.00
Term Loan 34	Repayable in 57 monthly installments	60 months	June 25, 2020	2,732.60	757.53

₹ in Lakhs

Particulars	Repayment terms	Tenor	Earliest installment date	As at March 31, 2021	As at March 31, 2020
Term Loan 35	Repayable in 57 monthly installments	60 months	June 25, 2020	546.82	501.51
Term Loan 36	Repayable in 36 monthly installments	36 months	February 5, 2020	1,833.81	2,834.11
Term Loan 37	Repayable in 36 monthly installments	36 months	March 5, 2020	1,341.66	2,041.67
Term Loan 38	Repayable in 12 monthly installments	37 months	May 26, 2020	1,277.59	1,917.27
Term Loan 39	Repayable in 60 monthly installments	60 months	December 5, 2018	536.56	739.48
Term Loan 40	Repayable in 34 monthly installments	36 Months	August 16, 2020	2,677.22	-
Term Loan 41	Repayable in 34 monthly installments	36 Months	September 30, 2020	3,177.35	-
Term Loan 42	Repayable in 20 quarterly installments	60 months	February 28, 2021	3,778.00	-
Term Loan 43	Repayable in 48 monthly installments	52 months	October 1, 2020	1,358.37	-
Term Loan 44	Repayable in 34 monthly installments	36 Months	December 31, 2020	4,333.32	-
Term Loan 45	Repayable in 46 monthly installments	48 Months	November 25, 2020	2,249.47	-
Term Loan 46	Repayable in 36 monthly installments	36 Months	November 30, 2020	2,153.38	-
Term Loan 47	Repayable in 36 monthly installments	36 Months	December 10, 2020	2,240.03	-
Term Loan 48	Repayable in 48 monthly installments	48 Months	February 5, 2021	2,221.13	-
Term Loan 49	Repayable in 36 monthly installments	36 Months	March 23, 2021	2,427.10	-
Term Loan 50	Repayable in 36 monthly installments	36 Months	January 31, 2021	916.67	-
Term Loan 51	Repayable in 33 monthly installments	36 Months	May 31, 2021	2,500.00	-
Term Loan 52	Repayable in 60 monthly installments	60 Months	March 3, 2021	1,981.96	-
Term Loan 53	Repayable in 35 monthly installments	35 Months	July 31, 2021	2,500.00	-
Term Loan 54	Repayable in 36 monthly installments	36 Months	April 30, 2021	500.00	-
Term Loan 55	Repayable in 36 monthly installments	36 Months	April 30, 2021	7,501.79	-
Term Loan 56	Repayable in 48 monthly installments	48 Months	May 1, 2021	6,003.07	-
Total				**97,972.03**	**77,589.54**

All the above loans are secured by an exclusive first charge on book debts with security cover ranging from 1.05 to 1.33 times of the outstanding amount at any point in time.

As at March 31, 2021, the rate of interest across term loans from banks was in the range of 8.70% p.a to 11.60% p.a (March 31, 2020- 9.36% p.a to 11.60% p.a)

₹ in Lakhs

Particulars	Repayment terms	Tenor	Earliest installment date	As at March 31, 2021	As at March 31, 2020
Term loans from others					
Term loans from others 1	Repayable in 10 quarterly installments	36 months	November 30, 2018	0.11	800.20
Term loans from others 2	Repayable in 48 monthly installments	48 months	February 11, 2019	1,146.13	1,771.29
Term loans from others 3	Repayable in 60 monthly installments	60 months	May 1, 2019	688.59	864.35
Term loans from others 4	Repayable in 48 monthly installments	48 months	January 29, 2019	989.11	1,471.44
Term loans from others 5	Repayable in 16 quarterly installments	48 months	April 28, 2017	-	324.41
Term loans from others 6	Repayable in 20 quarterly installments	63 months	September 1, 2019	879.00	1,149.16
Term loans from others 7	Repayable in 60 monthly installments	60 months	November 22, 2015	-	64.92
Term loans from others 8	Repayable in 60 monthly installments	60 months	April 22, 2017	370.77	702.22
Term loans from others 9	Repayable in 36 monthly installments	36 months	March 20, 2019	310.95	650.12
Term loans from others 10	Repayable in 60 monthly installments	60 months	April 27, 2019	333.47	421.71
Term loans from others 11	Repayable in 20 quarterly installments	60 months	February 29, 2020	1,125.32	1,425.40
Term loans from others 12	Repayable in 36 monthly installments	36 months	January 22, 2020	622.44	928.43
Term loans from others 13	Repayable in 36 monthly installments	36 months	February 22, 2020	1,948.07	2,857.97
Term loans from others 14	Repayable in 3 annual installments	36 months	February 1, 2021	1,875.00	2,500.00
Term loans from others 15	Repayable in 48 monthly installments	48 months	March 5, 2020	573.01	769.32
Term loans from others 16	Repayable in 30 monthly installments	30 months	April 30, 2019	-	310.00
Term loans from others 17	Repayable in 42 monthly installments	48 months	June 30, 2018	428.57	714.28
Term loans from others 18	Repayable in 36 monthly installments	36 months	May 27, 2020	1,818.08	-
Term loans from others 19	Repayable in 8 monthly installments	10 months	September 10, 2020	501.92	-
Term loans from others 20	Repayable in 36 monthly installments	36 months	January 20, 2021	919.59	-
Term loans from others 21	Repayable in 36 monthly installments	36 months	January 20, 2021	919.59	-
Term loans from others 22	Repayable in 36 monthly installments	36 months	January 20, 2021	919.59	-
Term loans from others 23	Repayable in 36 monthly installments	36 months	January 20, 2021	919.59	-
Term loans from others 24	Repayable in 36 monthly installments	36 months	January 20, 2021	919.59	-
Term loans from others 25	Repayable in 36 monthly installments	36 months	January 31, 2021	2,750.68	-
Term loans from others 26	Repayable in 30 monthly installments	32 months	February 3, 2021	3,790.83	-
Term loans from others 27	Repayable in 36 monthly installments	36 months	April 30, 2021	1,800.00	-
Term loans from others 28	Repayable in 49 monthly installments	49 months	April 1, 2021	2,005.14	-
Term loans from others 29	Repayable in 48 monthly installments	48 months	June 1, 2021	2,500.00	-
Total				**84,282.94**	**34,088.33**

All the above loans are secured by an exclusive first charge on book debts with security cover ranging from 1 to 1.2 times of the outstanding amount at any point in time As at March 31, 2021, the rate of interest across term loans from others was in the range of 6.32% p.a to 11.75% p.a (March 31, 2020- 9.75% p.a to 13.25% p.a)

₹ in Lakhs

Particulars	Repayment terms	Tenor	Earliest installment date	As at March 31, 2021	As at March 31, 2020
Borrowings Under Securitization					
Borrowings Under Securitization 1	Repayable in 33 monthly installments	35 months	August 16, 2019	2,022.30	6,439.89
Borrowings Under Securitization 2	Repayable in 59 monthly installments	59 months	September 17, 2019	4,706.73	8,132.78
Borrowings Under Securitization 3	Repayable in 64 monthly installments	65 months	February 17, 2020	8,243.35	12,780.24
Borrowings Under Securitization 4	Repayable in 40 monthly installments	40 months	March 21, 2020	3,150.42	6,735.42
Borrowings Under Securitization 5	Repayable in 60 monthly installments	60 months	May 15, 2020	6,958.17	-
Borrowings Under Securitization 6	Repayable in 60 monthly installments	60 months	July 15, 2020	7,121.09	-
Borrowings Under Securitization 7	Repayable in 65 monthly installments	65 months	August 14, 2020	6,423.15	-
Borrowings Under Securitization 8	Repayable in 55 monthly installments	55 months	November 20, 2020	7,174.06	-
Borrowings Under Securitization 9	Repayable in 59 monthly installments	60 months	January 16, 2021	3,946.03	-
Borrowings Under Securitization 10	Repayable in 48 monthly installments	48 months	January 15, 2021	2,225.94	-
Borrowings Under Securitization 11	Repayable in 60 monthly installments	61 months	February 21, 2021	13,989.98	-
Borrowings Under Securitization 12	Repayable in 61 monthly installments	61 months	February 18, 2021	3,261.92	-
Borrowings Under Securitization 13	Repayable in 57 monthly installments	57 months	April 21, 2021	6,815.79	-
Borrowings Under Securitization 14	Repayable in 53 monthly installments	53 months	April 16, 2021	8,244.01	-
Total				**84,282.94**	**34,088.33**

*Refer Note No 47-AB, 47-AC for security and credit enhancement details pertaining to borrowings from securitisation arrangements. As at March 31, 2021, the rate of interest across term loans from others was in the range of 9.15% p.a to 11.00% p.a (March 31, 2020- 9.75% p.a to 11.00% p.a)

₹ in Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
16. Other financial liabilities		
Unpaid dividends	3.96	5.53
Lease liability	1,529.37	1,555.33
Others*	183.68	7.24
Total	**1,717.01**	**1,568.10**
*Others include unspent corporate social responsibility fund amounting to INR 150.00 lakhs (March 31, 2020 - Nil)		
17. Current tax liabilities (net)		
Provision for tax (net)	-	74.80
Total	**-**	**74.80**
18. Provisions		
Provision for employee benefits		
Provision for gratuity	254.78	247.10
Provision for compensated absences	465.02	330.51
Total	**719.80**	**577.61**
19. Other non-financial liabilities		
Statutory dues payable	487.39	530.54
Employee related payables	1232.88	1,074.58
Total	**1,720.27**	**1,605.12**
20. Equity share capital		
Authorised		
5,50,00,000 shares (March 31, 2020 - 5,50,00,000) of INR 10 each	5,500.00	5,500.00
Issued, subscribed and fully paid up		
25,473,144 shares (March 31, 2020 - 25,410,294) of INR 10 each fully paid up	2,547.31	2,541.03
17,17,597 shares (March 31, 2020 - 17,17,597) of INR 10 each (partly paid up - INR 1 each paid up)	17.18	17.18

Reconciliation of shares outstanding at the beginning and at the end of the reporting period

	As at March 31, 2021		As at March 31, 2020	
	Number of shares	Amount in Lakhs of INR	Number of shares	Amount in Lakhs of INR
As at beginning of the year	27,127,891	2,558.21	23,899,582	2,389.96
Shares issued in exercise of employee stock options	62,850	6.28	178,450	17.85
Shares issued	-	-	3,049,859	150.40
As at the end of the year	27,190,741	2,564.49	27,127,891	2,558.21

Terms/rights attached to Equity Shares:

The Company has a single class of equity shares. Accordingly all equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time subject to payment of dividend to preference shareholders. Dividends are paid in Indian Rupees. Dividend proposed by the board of directors, if any, is subject to the approval of the shareholders at the General Meeting, except in the case of interim dividend.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders to the extent the shares are paid up.

Shares reserved for issue under options

Information relating to employee Stock Option Scheme, 2015 including the details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the reporting period, is set out in note 41.

Details of shareholders holding more than 5% shares in the company

Name of shareholder	As at March 31, 2021	
	Number of shares	% of total shares in class
TPG Asia VII SF Pte. Ltd.	6,110,673	22.47
Matrix Partners India Investment Holdings II, LLC	4,100,999	15.08
D. Lakshmipathy	3,710,771	13.65
NHPEA Chocolate Holding B.V	3,598,051	13.23
Norwest Venture Partners X - Mauritius	2,569,650	9.45
SCI Investments V	2,569,650	9.45
L. Hema	2,089,060	7.68

Name of shareholder	As at March 31, 2020	
	Number of shares	% of total shares in class
TPG Asia VII SF Pte. Ltd.	6,110,673	22.53
Matrix Partners India Investment Holdings II, LLC	4,100,999	15.12
D Lakshmipathy	3,710,771	13.68
NHPEA Chocolate Holding B.V	3,598,051	13.26
Norwest Venture Partners X - Mauritius	2,569,650	9.47
SCI Investments V	2,569,650	9.47
L Hema	2,089,060	7.70

₹ in Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
21. Other Equity		
Statutory reserve	18,041.71	10,861.82
Share options outstanding account	1,795.27	428.30
Securities premium	139,234.46	139,069.20
General reserve	719.60	719.60
Retained earnings	69,461.69	40,820.92
Other comprehensive income	-	-
Total	**229,252.73**	**191,899.84**
i. Statutory reserve		
Opening balance	10,861.82	5,622.81
Amount transferred from surplus in the statement of profit and loss	7,179.89	5,239.01
Closing balance	**18,041.71**	**10,861.82**

As per Section 45-IC of the Reserve Bank of India Act, 1934, the Company is required to create a reserve fund at the rate of 20% of the net profit after tax of the Company every year. Accordingly, the Company has transferred an amount of INR 7,179.89 lakhs (March 31, 2020: INR 5,239.01 lakhs), out of the profit after tax for the year ended March 31, 2021 to Statutory Reserve. As described in note 50 , Five-Star Housing Finance Private Limited, the wholly owned subsidiary amalgamated with the Company with appointed date under the aforesaid Scheme as April 1, 2019. The wholly owned subsidiary has surrendered its Certificate of Registration to carry on the business of housing finance institution to National Housing Bank (NHB) on June 5, 2020. The statutory reserve maintained by the wholly owned subsidiary under section 29C of the National Housing Bank Act, 1987 (As at March 31, 2019 - INR 18.81 lakhs, including the transfer of INR 7.21 lakhs in the year ended March 31, 2019) has been subsumed in the statutory reserve maintained by the Company. No appropriation of any sum from this reserve fund shall be made by the non-banking financial company except for the purpose as may be specified by RBI.

₹ in Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
ii. Share options outstanding account		
Opening balance	428.30	490.27
Share based payment expense	1,509.39	168.03
Less : Transfer to securities premium	142.42	230.00
Closing balance	**1,795.27**	**428.30**

The Company has established equity-settled share based payment plans for certain categories of employees of the Company. Refer note 41 for further details of these plans.

iii. Securities premium		
Opening balance	139,069.20	107,313.93
Premium on shares issued during the period	165.26	31,755.27
Closing balance	**139,234.46**	**139,069.20**

Securities premium is used to record the premium received on issue of shares. It is utilised in accordance with provisions of Companies Act, 2013.

₹ in Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
iv. General reserve		
Opening balance	719.60	719.60
Amount transferred from surplus in the statement of profit and loss	-	-
Closing balance	**719.60**	**719.60**
General reserve are free reserves which can be utilised for any purpose as may be required.		
v. Retained earnings		
Opening balance	40,820.92	19,976.24
Net Profit for the year	35,899.44	26,195.04
Less: Transfer to Statutory reserve	7,179.89	5,239.01
Transfer from other comprehensive income	(78.78)	(111.35)
Closing balance	**69,461.69**	**40,820.92**
Retained earning is the accumulated available profit of the Company carried forward from earlier years. These reserve are free reserves which can be utilised for any purpose as may be required.		
vi. Other comprehensive income		
Opening balance	-	-
Remeasurements of defined benefit asset/ (liability)	(78.78)	(111.35)
Transferred to retained earnings	78.78	111.35
Closing balance	**-**	**-**
Remeasurement of the net defined benefit liabilities comprise actuarial gain or loss, if any.		

₹ in Lakhs

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
22. Interest income		
(On financial assets measured at amortised cost)		
Interest on loans	99,550.11	71,795.80
Interest on deposits with banks	1,937.47	2,886.62
Total	**101,487.58**	**74,682.42**
23. Fee income		
Legal and inspection fees	1,894.14	2,917.60
Others charges	273.47	53.24
Total	**2,167.61**	**2,970.84**
24. Net gain on fair value changes		
Net gain on financial instruments at fair value through profit or loss (FVTPL)		
On trading portfolio		
-Mutual fund investments at FVTPL	1,319.03	1,018.22
Total	**1,319.03**	**1,018.22**
Fair value changes		
Realised	1,319.03	1,018.22
Unrealised	-	-
Total	**1,319.03**	**1,018.22**

₹ in Lakhs

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
25. Other Income		
Recovery of bad debts	86.88	52.96
Other non-operating income	64.37	10.29
Total	**151.25**	**63.25**
26. Finance costs		
(On financial liabilities measured at amortised cost)		
Interest on borrowings		
- term loans from banks	8,859.34	5,546.06
- cash credits and overdraft	9.30	15.61
- term loans from others*	7,969.18	3,158.88
Interest on debt securities	15,501.75	12,733.62
Interest on lease liability	179.55	167.76
Interest on current tax liability	-	71.58
Total	**32,519.12**	**21,693.51**

*Includes interest of INR 5,326.45 lakhs (March 31, 2020 - INR 1,606.83 lakhs) pertaining to borrowings from securitisation arrangements.

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
27. Fees expenses		
Amortisation of ancillary costs relating to borrowings	266.83	42.52
Total	**266.83**	**42.52**
28. Impairment on financial instruments		
(On financial assets measured at amortised cost)		
Impairment loss allowance on loans*	3,517.57	4,934.19
Total	**3,517.57**	**4,934.19**

* Includes write-off of INR 996.83 lakhs (March 31, 2020 - INR 486.06 lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
29. Employee benefits expenses		
Salaries, wages and bonus	13,376.13	11,272.30
Contribution to provident and other funds	1,080.50	905.85
Employee stock option expenses (Refer Note 41)	1,509.39	168.03
Staff welfare expenses	405.76	364.60
Total	**16,371.78**	**12,710.78**
30. Depreciation and amortization		
Depreciation on property, plant and equipment (Refer Note 11)	531.25	499.74
Amortisation of intangible assets (Refer Note 12)	52.81	68.75
Depreciation on right of use asset (Refer Note 37)	554.33	438.36
Total	**1,138.39**	**1,006.85**

₹ in Lakhs

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
31. Other expenses		
Rent	40.77	15.09
Rates and taxes	111.34	104.32
Electricity expenses	92.55	78.29
Repairs and maintenance	259.89	203.32
Communication costs	443.73	442.37
Printing and stationery	238.27	343.03
Advertisement and publicity	3.23	2.52
Directors fees, allowances and expenses	14.43	13.63
Auditor's fees and expenses (Refer note 31.1)	51.46	47.12
Legal and professional charges	1,183.11	1,389.62
Insurance	13.33	14.29
Corporate social responsibility expenses (Refer note 31.2)	428.64	7.39
Travel expenses	45.47	192.77
Information technology expenses	568.43	394.16
Loss on sale of property, plant and equipment	2.32	0.75
Bank charges	140.80	122.06
Customer referral expenses	1.57	25.86
Miscellaneous expenses	28.36	20.24
Total	**3,667.70**	**3,416.83**
31.1. Payments to auditors		
Statutory audit including limited review	41.42	38.15
Tax audit	2.18	2.18
Other services	5.45	5.18
Reimbursement of expenses	2.41	1.61
Total	**51.46**	**47.12**
31.2. Details of expenditure on corporate social responsibility ("CSR")		
(a) Amount required to be spent by the Company during the year	428.64	216.28
(b) Amount spent during the year (in cash) :		
(i) Construction/ acquisition of any asset	-	-
(ii) On purposes other than (i) above*	428.64	7.39
* Includes INR 150 lakhs set aside towards the ongoing projects		
32. A. Income tax		
i. Current tax		
in respect of current year	12,557.29	10,083.72
in respect of prior years	36.83	(27.65)
Total	**12,594.12**	**10,056.07**

₹ in Lakhs

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
ii. Deferred tax		
Attributable to–		
Origination and reversal of temporary differences	(849.48)	(1,321.06)
Total	(849.48)	(1,321.06)
Tax expense (i)+(ii)	**11,744.64**	**8,735.01**
32. B. Income tax recognized in other comprehensive income		
Re-measurements of the defined benefit plan	(105.27)	(148.80)
Income tax relating to items that will not be reclassified to profit or loss	26.49	37.45
Net of tax	**(78.78)**	**(111.35)**
32.1. Reconciliation of total tax expense		
Profit before tax	47,644.08	34,930.05
Applicable tax rate	25.17%	25.17%
Computed tax expense	**11,991.06**	**8,791.19**
Tax effect of :		
Permanent differences		
Deduction u/s 80JJAA of the Income Tax Act, 1961	(362.55)	(244.92)
Disallowance related to CSR expenditure	108.34	1.71
Change in tax rates (Refer note below)	-	194.35
Others	7.79	(7.32)
Income tax expense recognised in statement of profit and loss (Pertaining to current year)	**11,744.64**	**8,735.01**
Effective tax rate	24.65%	25.01%

Note: The Company has elected to exercise the option permitted under section 115BAA of the Income Tax Act, 1961, as introduced by the Taxation laws (Amendment) Ordinance, 2019. Accordingly, the Company had recognised provision for income tax and remeasured its net deferred tax asset at concessional rate from the financial year 2019-2020 onwards.

₹ in Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
33. Commitments		
Estimated amount of contracts remaining to be executed on capital account (net of capital advances) and not provided for	5.98	14.73
34. Contingent liabilities		
Claims against the Company not acknowledged as debt		
- Income tax related matters (excluding penalties and interest)	6.74	6.74
- Provident Fund (refer note below)		

In light of judgment of Honorable Supreme Court dated 28 February 2019 on the definition of "Basic Wages" under the Employees Provident Funds & Misc. Provisions Act, 1952 and based on the legal advise received, the Company has aligned the manner of computation of liability for Provident Fund effective the date of the order. There are significant uncertainties in determining the liability including, period of assessment, application for present and past employees and assessment of interest and penalties. The amount of the obligation therefore cannot be measured with sufficient reliability for past periods and hence disclosed as a contingent liability.

35. Disclosure under Micro, Small and Medium Enterprises Development Act, 2006

Under Micro, Small and Medium Enterprises Development Act, 2006, (MSMED) which came into force from 2 October 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. On the basis of the information and records available with management and confirmation sought from suppliers on registration with specified authority under MSMED, principal amount, interest accrued and remaining unpaid and interest paid during the year to such enterprise is - NIL.

The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting period

₹ in Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Principal	-	-
Interest	-	-
The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	-	-
The amount of interest due and payable for the period of delay in making payment (whichhave been paid but beyond the appointed day during the year) but without adding theinterest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-

36. Deferred tax assets / (liability):

In relation to :		
Difference between written down value of fixed assets as per books of accounts and income tax	134.10	95.19
Employee Benefits	448.51	303.92
Impairment allowance	1,987.18	1,289.74
Unamortised processing fee income	1,679.02	1,664.02
Unamortised processing fee expenses	(573.29)	(545.07)
Recognition of lease liability and right to use asset	23.42	15.16
Total	**3,698.94**	**2,822.96**

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

₹ in Lakhs

Particulars	Opening Balance	Recognised in profit of loss	Recognised in other comprehensive income	Closing Balance
For the year ended 31 March, 2021 :				
Difference between written down value of fixed assets as per books of accounts and income tax	95.19	38.91	-	134.10
Employee Benefits	303.92	118.10	26.49	448.51
Impairment allowance	1,289.74	697.44	-	1,987.18
Unamortised processing fee income	1,664.02	15.00	-	1,679.02
Unamortised processing fee expenses	(545.07)	(28.22)	-	(573.29)
Recognition of lease liability and right to use asset	15.16	8.26	-	23.42
Total	**2,822.96**	**849.49**	**26.49**	**3,698.94**

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

₹ in Lakhs

Particulars	Opening Balance	Recognised in profit of loss	Recognised in other comprehensive income	Closing Balance
For the year ended 31 March, 2020 :				
Difference between written down value of fixed assets as per books of accounts and income tax	69.52	25.67	-	95.19
Employee Benefits	159.30	107.17	37.45	303.92
Preliminary expense	1.06	(1.06)	-	-
Impairment allowance	342.87	946.87	-	1,289.74
Unamortised processing fee income	1,030.39	633.63	-	1,664.02
Unamortised processing fee expenses	(138.69)	(406.38)	-	(545.07)
Recognition of lease liability and right to use asset	-	15.16	-	15.16
Total	**1,464.46**	**1,321.06**	**37.45**	**2,822.96**

37. Leases

Implementation of IND AS 116 from April 1, 2019 onwards

The Company has operating lease agreement primarily for office premises. The leases typically run for a period of 1 to 10 years, with an option to extend the lease or terminate, either at the option of lessee or lessor or on mutual agreement.

This note explains the impact of the adoption of Ind AS 116 Leases on the financial statements as at April 1, 2019 - date of transition.

Under the erstwhile standard, Ind AS 17 - Leases, the leases in which a substantial portion of the risk and rewards of the ownership were retained by the lessor were classified as operating leases. Upon adoption of Ind AS 116, the Company applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The standard provides specific transition requirements and practical expedients, which have been applied by the Company.

On transition, the company recognised right-of use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

Lease liabilities as at April 1, 2019 were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate.

The discount rate applied to the lease liabilities as at April 1, 2019 is lessee's incremental borrowing rate as at April 1, 2019. This change is in accordance with the transitional provisions of Ind AS 116.

Effective April 1, 2019, the Company had adopted Ind AS 116 - Leases and applied it to all lease contracts existing on April 1, 2019 using the modified retrospective method. Consequently, the cumulative adjustment has been taken to retained earnings on the date of initial application i.e. April 1, 2019. Based on the same and as permitted under the specific transitional provisions in the standard, the Company is not required to restate the figures prior to April 1, 2019.

Practical expedients applied

The Company has elected not to reassess the previously identified leases prior to April 1, 2019 applying Ind AS 17 - Leases as to whether a contract is, or contains a lease at the date of initial application.

Further, In applying Ind AS 116 for the first time, the company has also used the following practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics.
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application.
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months at the date of initial application.

i). Movement in carrying value of right of use assets

₹ in Lakhs

Particulars	Year ended March 31, 2021
As at April 1, 2019	
Right of use asset recognised on initial application of IND AS 116	1,104.68
Reclassfication of prepaid rent as at April 1,2019	46.11
Additions during the year	884.19
Depreciation	(438.36)
Derecognition on termination of leases	(108.62)
Balance as at March 31, 2020	**1,488.00**

₹ in Lakhs

Particulars	Year ended March 31, 2021
Additions during the year	683.29
Depreciation	(554.33)
Derecognition on termination of leases	(164.33)
Balance as at March 31, 2021	**1,452.63**

ii). Movement in lease liabilities

₹ in Lakhs

Particulars	Year ended March 31, 2021
As at April 1, 2019	
Lease liabilities recognised on initial application of IND AS 116	1,162.43
Additions during the year	871.57
Interest on lease liabilities	167.76
Rent payments	(531.20)
Derecognition on termination of leases	(115.23)
As at March 31, 2020	**1,555.33**
Additions during the year	681.94
Interest on lease liabilities	179.55
Rent payments	(680.80)
Derecognition on termination of leases	(206.66)
As at March 31, 2021	**1,529.36**

iii). Amounts recognised in statement of profit and loss

₹ in Lakhs

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Rent expense on short term leases	40.77	15.09
Interest on lease liabilities	179.55	167.76
Depreciation on Right of use asset	554.33	438.36
Gain recognised on derecognition of leases	(42.32)	(6.60)
Rent concession related to COVID-19	(19.08)	-

iv). Future lease commitments

₹ in Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Future undiscounted lease payments to which leases is not yet commenced	88.28	38.59
v). Cash flows		
Total cash outflow for leases	721.57	546.29
vi). Maturity analysis of undiscounted lease liabilities		
Not later than one year	608.44	636.77
Later than one year and not later than five years	1,156.01	1,153.47
Later than five years	128.13	161.85

₹ in Lakhs

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
38. Earnings per share		
Profit after tax	35,899.44	26,195.04
Weighted Average Number of Equity Shares in calculation of basic earnings per share	25,618,177	25,373,397
Dilution on account of ESOP and partly paid up shares	766,734	640,463
Weighted Average Number of Equity Shares in calculation of diluted earnings per share	26,384,911	26,013,860
Basic earnings per share	140.13	103.24
Diluted earnings per share	136.06	100.70

39. Segment Information

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, and for which discrete financial information is available. All operating segments' operating results are reviewed regularly by the Company's Managing Director ('MD') to make decisions about resources to be allocated to the segments and assess their performance. The MD is considered to be the Chief Operating Decision Maker ('CODM') within the purview of Ind AS 108 Operating Segments.

The CODM considers the entire business of the Company on a holistic basis to make operating decisions and thus there are no segregated operating segments. The Company is primarily engaged in providing loans for business purpose, house renovation / extention purposes and other mortgage purposes. The CODM of the Company reviews the operating results of the Company as a whole and therefore not more than one reportable segment is required to be disclosed by the Company as envisaged by Ind AS 108 Operating Segments. Accordingly, amounts appearing in these financial statements relates to small business loans and loans for house renovations / extensions etc.

The Company does not have any separate geographic segment other than India. As such there are no separate reportable segments as per IND AS 108 Operating Segments.

40. Employee benefits - post employment benefit plans

Defined contribution plans

A. 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 INR 672.19 lakhs (year ended March 31, 2020 - INR 492.28 lakhs) for provident fund contributions, and INR 204.48 lakhs (year ended March 31, 2020 - INR 168.58 lakhs) for employee state insurance scheme contributions in the statement of profit and loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

B. Defined benefit plans

Gratuity

The Company operates a defined benefit plan (the Gratuity plan) covering eligible employees. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age/ resignation date.

The defined benefit plans expose the Company to risks such as Actuarial risk, Investment risk, Liquidity risk, Market risk, Legislative risk. These are discussed as follows:

Actuarial risk: It is the risk that benefits will cost more than expected. This can arise due to one of the following reasons:

Adverse salary growth experience: Salary hikes that are higher than the assumed salary escalation will result into an increase in obligation at a rate that is higher than expected.

Variability in mortality rates: If actual mortality rates are higher than assumed mortality rate assumption then the gratuity benefits will be paid earlier than expected. Since there is no condition of vesting on the death benefit, the acceleration of cash flow will lead to an actuarial loss or gain depending on the relative values of the assumed salary growth and discount rate.

Variability in withdrawal rates: If actual withdrawal rates are higher than assumed withdrawal rate assumption then the Gratuity Benefits will be paid earlier than expected. The impact of this will depend on whether the benefits are vested as at the resignation date.

Investment risk: For funded plans that rely on insurers for managing the assets, the value of assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases, the present value of the assets is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter-valuation period.

Liquidity risk: Employees with high salaries and long durations or those higher in hierarchy, accumulate significant level of benefits. If some of such employees resign/retire from the company there can be strain on the cash flows.

Market risk: Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. One actuarial assumption that has a material effect is the discount rate. The discount rate reflects the time value of money. An increase in discount rate leads to decrease in defined benefit obligation of the plan benefits and vice versa. This assumption depends on the yields on the government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.

Legislative risk: Legislative risk is the risk of increase in the plan liabilities or reduction in the plan assets due to change in the legislation/regulation. The government may amend the Payment of Gratuity Act, 1972, thus requiring the companies to pay higher benefits to the employees. This will directly affect the present value of the defined benefit obligation and the same will have to be recognized immediately in the year when any such amendment is effective.

Funding

The Company has funded their gratuity liability with Life Insurance Corporation. Gratuity provision has been made based on the actuarial valuation.

₹ in Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Reconciliation of net defined benefit (asset) liability		
The following table shows a reconciliation from the opening balances to the closing balances for the net defined benefit asset (liability) and its components.		
Present value of obligations	811.61	501.04
Fair value of plan assets	(556.83)	(253.94)
Asset/ (Liability) recognised in the balance sheet	**(254.78)**	**(247.10)**
Reconciliation of present value of defined benefit obligation		
Balance at the beginning of the year	501.04	255.65
Benefits paid	(20.91)	(8.43)
Current service cost	195.97	85.82
Interest cost	28.50	17.30
Actuarial (gain)/loss recognized in other comprehensive income		
changes in demographic assumptions	-	-
changes in financial assumptions	14.74	27.40
experience adjustments	92.27	123.30
Balance at the year end	**811.61**	**501.04**
Expense recognized in profit or loss		
Current service cost	195.97	85.82
Net Interest cost	5.66	8.92
	201.63	**94.74**
Remeasurements recognized in other comprehensive income		
Actuarial (gain) loss on defined benefit obligation	107.01	150.70
Return on plan assets excluding interest income	(1.74)	(1.90)
	105.27	**148.80**
Changes in the fair value of plan assets		
Fair value of plan assets as at the beginning of the period	253.94	-
Expected return on plan assets	22.84	8.38
Contributions	299.22	250.00
Direct Contributions towards direct benefit payments	-	2.09
Benefits paid and Charges deducted from the fund	(20.91)	(6.34)
Direct Benefit Payments	-	(2.09)
Actuarial gain/(loss) on plan assets	1.74	1.90
Fair value of plan assets as at the end of the period	**556.83**	**253.94**
Net defined benefit (assets)/liability	**254.78**	**247.10**
Actuarial assumptions		
Discount rate	5.46%	5.81%
Future salary growth	15.00%	15.00%
Attrition rate	25.00%	25.00%

Five year information

Particulars	31-Mar- 21	31-Mar- 20	31-Mar- 19	31-Mar- 18	31-Mar- 17
Defined benefit obligation	811.61	501.04	255.65	141.72	65.39
Fair value of plan assets	556.83	253.94	-	-	-
Deficit in plan	(254.78)	(247.10)	(255.65)	(141.72)	(65.39)
Experience adjustments on plan liabilities	92.27	123.30	(36.61)	(10.59)	(10.92)
Experience adjustments on plan assets	1.74	1.90	-	-	-

₹ in Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Sensitivity Analysis		
Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:		
Discount rate		
-1% increase	(40.84)	(25.69)
-1% decrease	45.01	28.29
Future salary growth		
-1% increase	23.26	26.19
-1% decrease	(25.12)	(24.58)
Attrition rate		
-1% increase	(41.65)	(15.16)
-1% decrease	38.92	16.32

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown

41. Share Based Payments

A. Description of schemes

The decision to introduce Five-Star Associate Stock Option Scheme, 2015 (hereinafter called "FIVE-STAR ASOP, 2015" was taken by the Board of Directors at the meeting held on September 18, 2015 and was approved by the shareholders of the Company at the Extra Ordinary General Meeting held on April 12, 2016. The total options issuable under the plan are upto 5,63,000 options.

Later, the Board of Directors issued another scheme, named Five-Star Associate Stock Option Scheme, 2018 (hereinafter called "FIVE-STAR ASOP, 2018") at their meeting held on February 28, 2018 and was approved by the shareholders of the Company at the Extra Ordinary General Meeting held on March 26, 2018. The total options issuable under the plan are upto 5,00,000 options.

Nomination and Remuneration Committee constituted by the Board of Directors of the Company administers the plans. Under these plans, the participants are granted options which vest as per the schedule provided in the Grant Letter given to each of the participants. The time period for exercise of these options is defined in the Scheme document.

₹ in Lakhs

Particulars	As at March 31, 2021		As at March 31, 2020	
	Weighted average exercise price per option	Number of options	Weighted average exercise price per option	Number of options
i. Reconciliation of outstanding share options				
Outstanding at beginning of year	121.63	160,150	50.03	330,600
Forfeited during the year	-	-	85.00	1,000
Exercised during the year	46.31	62,850	12.19	178,450
Granted during the year	674.40	372,000	674.40	9,000
Outstanding as at end of year	569.88	469,300	121.63	160,150
Exercisable at March 31	**130.00**	**48,000**	**101.93**	**42,750**

The weighted average share price at the date of exercise of options exercised during the year ended ended March 31, 2021 is INR 1501.23 per share (March 31, 2020 : INR 2,122.87 per share)

Particulars	As at March 31, 2021	As at March 31, 2020
For the options outstanding at the end of the year:		
Weighted average remaining contractual life (in years)	6.61	5.43
Range of exercise prices (INR)	10-674	10-674

₹ in Lakhs

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
ii. Expense recognised in the statement of profit and loss		
Total Expense	1,509.39	168.03

iii. Measurement of fair values

The fair value of options have been estimated on the dates of each grant using the Black Scholes model. As the Company is unlisted, the expected price volatility is based on historical volatility (based on the remaining life of the options) in share prices of a listed proxy. The various inputs considered in the pricing model for the stock options granted by the Company during the year are as follows:

Share price on Grant date (INR)	1,466.24-2,187.24	2,128.91
Weighted average share price (INR)	1,466.24-2,187.24	2,128.91
Exercise price (INR)	674.4	674.4
Fair value of options at grant date (INR)	932.13-1,755.59	1,591.82 - 1,716.24
Expected volatility	34.42% - 38.28%	31.06% - 33.56%
Option term	3.54-7.54 years	3.54-7.54 years
Expected dividends	Nil	Nil
Risk free interest rate	5.30%-5.40%	6.25%

42. Related party disclosures

a. Name of the related parties and nature of relationship:

Key Management Personnel :

D. Lakshmipathy, Chairman and Managing Director
K.Rangarajan, Chief Executive Officer
G. Srikanth, Chief Financial Officer
B. Shalini, Company Secretary
R Anand, Independent Director
Bhama Krishnamurthy, Independent Director
B. Haribabu, Independent Director
A. Ramanathan, Independent Director
L.R. Ravi Prasad, Non-executive Director
V. Thirulokchand, Non-executive Director

Director and relative of Key Management Personnel / Director

R. Bhuvaneswari, Wife of Mr. L.R Ravi Prasad
L.R.Deepak Krishna, Son of Mr. L.R Ravi Prasad
L.R.Venkatesh, Son of Mr. L.R. Ravi Prasad

Entities with substantial interest over the company

TPG Asia VII SF Pte. Ltd.(from 29 August 2019)
M/s.NHPEA Chocolate Holding B.V. (upto 29 August 2019)

₹ in Lakhs

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
b. Key management personnel (KMP) compensation		
Short-term employee benefits		
D. Lakshmipathy	501.93	503.30
K.Rangarajan	192.15	176.64
G.Srikanth	111.90	101.07
B.Shalini	8.16	7.53
Post employment benefits		
D. Lakshmipathy	0.22	0.22
K.Rangarajan	0.22	0.22
G.Srikanth	0.22	0.22
B.Shalini	0.22	0.22
Share based payments		
K.Rangarajan	969.57	10.90
G.Srikanth	328.32	3.41
Directors sitting fees		
R Anand	6.15	5.50
Bhama Krishnamurthy	6.15	5.25
B. Haribabu	4.95	5.05
A. Ramanathan	5.55	5.40
L.R Ravi Prasad	4.45	4.80
V. Thirulokchand	4.50	4.50

₹ in Lakhs

Particulars	Year ended March 31, 2021	Year ended March 31, 2020

Managerial remuneration above does not include gratuity and compensated absences, since the same are provided on actuarial basis for the company as a whole and the amount attributable to the key managerial personnel cannot be ascertained separately.

Compensation to independent and non-executive directors represent commission and sitting fees paid.

c. Details of related party transactions

Nature of transaction		
Interest expense		
R.Bhuvaneshwari	-	0.01
L.R.Deepak Krishna	-	0.29
L.R. Ravi Prasad	-	0.03
L.R. Venkatesh	-	0.24
Issue of equity shares*		
TPG Asia VII SF Pte. Ltd.	-	133.23
D. Lakshmipathy	-	15.25
K.Rangarajan	-	0.64
G.Srikanth	-	0.45
Receipt of share premium*		
TPG Asia VII SF Pte. Ltd.	-	31,366.78
D. Lakshmipathy	-	137.25
K.Rangarajan	-	5.76
G.Srikanth	-	4.03
* excludes shares issued pursuant to Employee stock options		
Loans repaid		
R.Bhuvaneshwari	-	1.15
L.R.Deepak Krishna	-	34.30
L.R. Ravi Prasad	-	3.00
L.R. Venkatesh	-	27.20
Year end balances : Others		
D. Lakshmipathy	106.75	100.17
K.Rangarajan	33.55	33.55
G.Srikanth	11.42	10.72
R Anand	2.78	2.70
Bhama Krishnamurthy	2.78	2.70
B. Haribabu	2.78	2.70
A. Ramanathan	2.78	2.70
L.R Ravi Prasad	2.78	2.70
V. Thirulokchand	2.78	2.70

43. Capital

The Company maintains an actively managed capital base to cover risks inherent in the business and is meeting the capital adequacy requirements of the regulator, Reserve Bank of India (RBI). The adequacy of the Company's capital is monitored using, among other measures, the regulations issued by RBI.

The Company has complied in full with all its externally imposed capital requirements over the reporting period.

Capital management

The primary objectives of the Company's capital management policy is 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 with regard to capital management However, they are under constant review by the Board.

i. Net Debt to Equity Ratio

Consistent with the others in industry, the company monitors the capital on the basis of gearing ratio (Net debt divided by equity). Under the terms of the major borrowing facilities, the company is required to maintain the gearing ratio in line with the RBI guidelines or in a slightly more conservative manner. The actual gearing stipulated differs between the various lending agreements. The company has complied with this covenant through out the year.

₹ in Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Equity	**231,817.22**	**194,458.05**
Debt	342,519.67	236,369.31
Cash and Cash equivalents	126,718.28	28,977.95
Net Debt	**215,801.39**	**207,391.36**
Net Debt to Equity Ratio	**0.93**	**1.07**

ii. Regulatory capital

The company has to mandatorily comply with the capital adequacy requirements stipulated by Reserve Bank of India from time to time. Capital adequacy ratio or capital-to-risk weighted assets ratio (CRAR) is computed by dividing company's Tier I and Tier II capital by risk weighted assets.

Tier I capital comprised of share capital, share premium, retained earnings including current year profit and Tier II capital comprises of provision on standard assets. Risk weighted assets represents the weighted sum of company's credit exposures based on their risk.

₹ in Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Tier I Capital	196,690.03	184,777.38
Tier II Capital	-	-
Total Capital	196,690.03	184,777.38
CRAR%	58.86	52.94
CRAR - Tier I Capital%	58.86	52.94
CRAR - Tier II Capital%	-	-
Amount of subordinated debt raised as Tier-II capital	-	-
Amount raised by issue of perpetual debt instruments	-	-

Tier I capital consists of shareholders' equity and retained earnings. Tier II Capital consists of general provision and loss reserve against stage 1 assets. Credit enhancement relating to securitisation has been adjusted against Tier I and Tier II capital in accordance with RBI circular DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020. Tier 1 and Tier II capital has been reported on the basis of Ind AS financial information.

44. Fair Value Measurement

a. Financial instruments by category

The carrying value and fair value of financial instruments by categories as of March 31, 2021 are as follows:

₹ in Lakhs

Particulars	Carrying amount			
	Amortised cost	Fair value through profit or loss	Other financial liabilities	Total carrying value
Financial assets:				
Cash and cash equivalents	126,718.28	-	-	126,718.28
Bank balances other than cash and cash equivalents	8,853.99	-	-	8,853.99
Loans	435,874.94	-	-	435,874.94
Other financial assets	474.34	-	-	474.34
Total	**571,921.55**	**-**	**-**	**571,921.55**
Financial liabilities:				
Trade payables	867.17	-	-	867.17
Debt securities	130,378.55	-	-	130,378.55
Borrowings (Other than debt securities)	212,141.12	-	-	212,141.12
Other financial liabilities	-	-	1,717.01	1,717.01
Total	**343,386.84**	**-**	**1,717.01**	**345,103.85**

The carrying value and fair value of financial instruments by categories as of March 31, 2020 are as follows:

Financial assets:				
Cash and cash equivalents	28,977.95	-	-	28,977.95
Bank balances other than cash and cash equivalents	16,134.94	-	-	16,134.94
Loans	383,080.44	-	-	383,080.44
Other financial assets	524.57	-	-	524.57
Total	**428,717.90**	**-**	**-**	**428,717.90**
Financial liabilities:				
Trade payables	662.40	-	-	662.40
Debt securities	107,886.42	-	-	107,886.42
Borrowings (Other than debt securities)	128,482.89	-	-	128,482.89
Other financial liabilities	-	-	1,568.10	1,568.10
Total	**237,031.71**	**-**	**1,568.10**	**238,599.81**

Note: For all of the Company's assets and liabilities which are not carried at fair value, disclosure of fair value is not required as the carrying amounts approximates the fair values.

45. 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.

₹ in Lakhs

Particulars	As at March 31, 2021			As at March 31, 2020		
	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total
Assets						
Financial assets						
Cash and cash equivalents	126,718.28	-	126,718.28	28,977.95	-	28,977.95
Bank balances other than cash and cash equivalents	3.96	8,850.03	8,853.99	13,658.72	2,476.22	16,134.94
Loans	67,216.71	368,658.23	435,874.94	41,092.95	341,987.49	383,080.44
Other financial assets	185.68	288.66	474.34	201.49	323.08	524.57
Total	**194,124.63**	**377,796.92**	**571,921.55**	**83,931.11**	**344,786.79**	**428,717.90**
Non-financial assets						
Current tax assets (net)	795.79	-	795.79	435.46	-	435.46
Deferred tax assets (net)	-	3,698.94	3,698.94	-	2,822.96	2,822.96
Investment property	-	3.56	3.56	-	3.56	3.56
Property, plant and equipment	-	845.60	845.60	-	1,106.09	1,106.09
Right of use asset	-	1,452.63	1,452.63	-	1,488.00	1,488.00
Other intangible assets	-	190.30	190.30	-	192.80	192.80
Other non-financial assets	408.49	44.28	452.77	475.86	72.76	548.62
Total	**1,204.28**	**6,235.31**	**7,439.59**	**911.32**	**5,686.17**	**6,597.49**
Total assets	**195,328.91**	**384,032.23**	**579,361.14**	**84,842.43**	**350,472.96**	**435,315.39**

45. Maturity Analysis of assets and liabilities (Continued)

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

₹ in Lakhs

Particulars	As at March 31, 2021			As at March 31, 2020		
	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total
Liabilities and Equity						
Financial liabilities						
Payables						
Trade payables						
total outstanding dues of micro and small enterprises	-	-	-	-	-	-
total outstanding dues of creditors other than micro and small enterprises	746.93	120.24	867.17	662.40	-	662.40
Debt securities	33,549.02	96,829.53	130,378.55	24,245.73	83,640.68	107,886.42
Borrowings (other than debt securities)	71,031.62	141,109.50	212,141.12	38,970.37	89,512.52	128,482.89
Other financial liabilities	679.31	1,037.69	1,717.01	520.11	1,047.99	1,568.10
Total	**106,006.88**	**239,096.96**	**345,103.84**	**64,398.61**	**174,201.20**	**238,599.81**
Non-financial liabilities						
Current tax liabilities (net)	-	-	-	74.80	-	74.80
Provisions	150.33	569.47	719.80	531.27	46.34	577.61
Other non-financial liabilities	1,720.27	-	1,720.27	1,605.12	-	1,605.12
Total	**1,870.60**	**569.47**	**2,440.07**	**2,211.19**	**46.34**	**2,257.53**
Total liabilities	**107,877.48**	**239,666.43**	**347,543.92**	**66,609.80**	**174,247.54**	**240,857.34**
Net worth			**231,817.23**			**194,458.05**

46. Financial risk management objectives and policies

The Company's principal financial liabilities majorly comprise of borrowings from banks, debentures and trade payables. The main purpose of these financial liabilities is to finance the Company's operations and to support its operations. The Company's financial assets include loan and advances, cash and cash equivalents that derive directly from its operations.

The Company's activities expose it to a variety of financial risks, as listed below apart from various operating and business risks.

Market risk

Credit risk and

Liquidity risk

This note explains the sources of risks arising from financial instruments which the entity is exposed to and how the Company manages the risk.

Risk management framework

The Company's board of directors and risk council has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors and risk management council along with the top management are responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's risk management council oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry or geographical location.

In order to avoid excessive concentrations of risk, the Company's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

(i) Market risk

Market risk is the risk that changes in market prices - such as foreign exchange rates, interest rates and equity prices which will affect the Companies income or the value of holdings of financial instruments. The company does not have exposure to currency risk and security price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return.

Interest rate risk

Interest rate risk primarily arises from borrowings with variable rates. The company's borrowings are carried at amortised cost. The borrowings with fixed rates are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.The interest rate profile of the Company's interest bearing financial instruments is as follows:

₹ in Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Fixed rate instruments		
Financial assets	539,562.50	415,079.10
Financial liabilities	252,382.61	168,586.62
Total	**791,945.11**	**583,665.72**
Variable rate instruments		
Financial assets	-	-
Financial liabilities	90,137.07	67,782.69
Total	**90,137.07**	**67,782.69**

₹ in Lakhs

Particulars	Profit / loss		Equity, net of tax	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
March 31, 2021				
Variable-rate instruments	(732.35)	732.35	(548.03)	548.03
Cash flow sensitivity (net)	(732.35)	732.35	(548.03)	548.03
March 31, 2020				
Variable-rate instruments	(427.17)	427.17	(319.66)	319.66
Cash flow sensitivity (net)	(427.17)	427.17	(319.66)	319.66

(ii) Credit risk

Loans and advances

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's loans advances and other financial assets. The carrying amount of financial assets represents the maximum credit exposure. The company has Credit policy approved by the Board of Directors, which is subject to annual review. The Company manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and for geographical and industry concentrations, 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, including periodical collateral revisions, as defined in the Credit policy. Counterparty limits are established by the use of a credit risk classification system, which assigns each counterparty a risk rating. 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.

The disclosure of maximum exposure to credit risk without taking into account any collateral held or other credit enhancements has not been provided for financial assets, as their carrying amount best represent the maximum exposure to credit risk. All the loans provided are secured against mortgage of land and/or building. The fair value of the collateral is determined on the guidelines prescribed in the collateral management policy as approved by the Board of Directors.

Impairment assessment - Expected credit loss ("ECL"):

An impairment analysis is performed at each reporting date based on the facts and circumstances existing on that date to identify expected losses on account of time value of money and credit risk. For the purposes of this analysis, the loan receivables are categorised into groups based on days past due. Each group is then assessed for impairment using the Expected Credit Loss (ECL) model as per the provisions of Ind AS 109 - financial instruments. 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.

ECL on financial assets is an unbiased probability weighted amount based out of possible outcomes after considering risk of credit loss even if probability is low. ECL is calculated based on the following components:

a. Marginal probability of default ("MPD")
b. Loss given default ("LGD")
c. Exposure at default ("EAD")
d. Discount factor ("D")

Marginal probability of default:

PD is defined as the probability of whether borrowers will default on their obligations in the future. Historical PD is derived from the internal data which is calibrated with forward looking macroeconomic factors.

For computation of probability of default ("PD"), Vasicek Model was used to forecast the PD term structure over lifetime of loans. As per given long term PD and current macroeconomic conditions, conditional PD corresponding to current macroeconomic condition is estimated. The Company has worked out on PD based on the last six years historical data.

Marginal probability:

The PDs derived from the model, are the cumulative PDs, stating that the borrower can default in any of the given years, however to compute the loss for any given year, these cumulative PDs have to be converted to marginal PDs. Marginal PDs is probability that the obligor will default in a given year, conditional on it having survived till the end of the previous year.

Conditional marginal probability:

As per Ind AS 109, expected loss has to be calculated as an unbiased and probability-weighted amount for multiple scenarios. The probability of default was calculated for 3 scenarios: best , worst and base. This weightage has been decided on best practices and expert judgement. Marginal conditional probability was calculated for all 3 possible scenarios and one conditional PD was arrived as conditional weighted probability.

Staging of loans:

Definition of default and cure

The Company considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the loan has remained overdue for a period greater than 90 days.

It is the Company's policy to consider a financial instrument as 'cured' and therefore re-classified out of Stage 3 when the loan becomes less than or equal to 90 days past due on its contractual obligations. Such cured loans are classified as Stage 1 or 2 depending upon the days past due after such cure has taken place.

As per Ind AS 109, Company assesses whether there is a significant increase in credit risk at the reporting date from the initial recognition. Company has staged the assets based on the Day past dues criteria and other market factors which significantly impacts the portfolio.

Days past dues status	Stage	Provisions
1-30 Days	Stage 1	12 Months Provision
31-90 Days	Stage 2	Lifetime Provision
90+ Days	Stage 3	Lifetime Provision

Company's internal rating and PD estimation process

The Company's independent Credit Risk Department operates its internal rating models, in which customers are rated from Low to High using internal grades. The models incorporate both qualitative and quantitative information in addition to information specific to the borrower, utilise supplemental external information that could affect the borrower's behaviour.

Exposure at default

The exposure at default (EAD) represents the gross carrying amount of the financial instruments subject to the impairment calculation, addressing both the client's ability to increase its exposure while approaching default and potential early repayments too.

To calculate the EAD for a Stage 1 loan, the Company assesses the possible default events within 12 months for the calculation of the 12mECL. However, if a Stage 1 loan that is expected to default in the 12 months from the balance sheet date and is also expected to cure and subsequently default again, then all linked default events are taken into account.

The Company determines EADs by modelling the range of possible exposure outcomes at various points in time, corresponding the multiple scenarios. The Ind AS 109 PDs are then assigned to each economic scenario based on the outcome of models.

Loss given default

The credit risk assessment is based on a standardised Loss Given Default(LGD) assessment framework that results in a certain LGD rate. These LGD rates take into account the expected EAD in comparison to the amount expected to be recovered or realised from any collateral held.

The Company segments its retail lending products into smaller homogeneous portfolios, based on key characteristics that are relevant to the estimation of future cash flows. The applied data is based on historically collected loss data and involves a wider set of transaction characteristics (e.g., product type, wider range of collateral types) as well as borrower characteristics.

Further recent data and forward-looking economic scenarios are used in order to determine the Ind AS 109 LGD rate for each group of financial instruments. When assessing forward-looking information, the expectation is based on multiple scenarios. Examples of key inputs involve changes in, collateral values including property prices for mortgages, commodity prices, payment status or other factors that are indicative of losses in the group.

Under Ind AS 109, LGD rates are estimated for the Stage 1, Stage 2, Stage 3 and Purchased or Originated Credit Impaired(POCI) Ind AS 109 segment of each asset class. The inputs for these LGD rates are estimated and, where possible, calibrated through back testing against recent recoveries. These are repeated for each economic scenario as appropriate.

Discounting:

As per Ind AS 109, ECL is computed by estimating the timing of the expected credit shortfalls associated with the defaults and discounting them using effective interest rate.

Significant increase in credit risk

The Company continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12month ECL or Life time ECL, the Company assesses whether there has been a significant increase in credit risk since initial recognition. The Company considers the credit risk to be directly proportional to the delinquency status i.e. days past due of the loan under consideration. No further adjustments are made in the PD.

When estimating ECLs on a collective basis for a group of similar assets the Company applies the same principles for assessing whether there has been a significant increase in credit risk since initial recognition.

Grouping financial assets measured on a collective basis

The Company calculates ECL on a collective basis for all asset classes.

The Company combines these exposure into smaller homogeneous portfolios, based on the characteristics of the loans, as described below:

Geographic location

Loan type

Ticket size

ECL computation:

Conditional ECL at DPD pool level was computed with the following method:

Conditional ECL for year (yt) = EAD (yt) * conditional PD (yt) * LGD (yt) * discount factor (yt)

The calculation is based on provision matrix which considers actual historical data adjusted appropriately for the future expectations and probabilities. Proportion of expected credit loss provided for across the stage is summarised below:

₹ in Lakhs

Particulars		As at March 31, 2021	As at March 31, 2020
Stage 1	12 month provision	0.33%	0.48%
Stage 2	Life time provision	13.04%	8.70%
Stage 3	Life time provision	17.96%	17.70%

The loss rates are based on actual credit loss experience over past years. These loss rates are then adjusted appropriately to reflect differences between current and historical economic conditions and the Company's view of economic conditions over the expected lives of the loan receivables. Movement in provision of expected credit loss has been provided in below note.

Analysis of changes in the gross carrying amount and the corresponding ECL allowances:

₹ in Lakhs

Particulars	As at March 31, 2021				As at March 31, 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount								
Opening balance	**343,232.28**	**40,667.94**	**5,322.63**	**389,222.85**	**187,880.35**	**21,533.13**	**1,867.19**	**211,280.67**
Asset derecognised or repaid (excluding write-off)	(30,980.83)	(4,229.42)	(463.14)	(35,673.39)	(17,956.55)	(3,455.54)	(219.57)	(21,631.66)
Assets partially repaid	(27,563.96)	(300.54)	-	(27,864.50)	(16,748.09)	(3,911.22)	(321.15)	(20,980.46)
Roll forwards to higher stages	(31,280.91)	(700.53)	-	(31,981.44)	(27,683.30)	(3,096.31)	-	(30,779.61)
Roll forward from lower stages	-	30,902.25	1,079.19	31,981.44	-	26,409.54	4,370.07	30,779.61
Roll back from higher stages	17,714.79	647.96	-	18,362.75	2,241.23	48.46	-	2,289.69
Roll back to lower stages	-	(17,597.31)	(765.44)	(18,362.75)	-	(2,218.83)	(70.86)	(2,289.69)
Amount written off	-	-	(996.83)	(996.83)	-	-	(486.06)	(486.06)
New assets originated / incremental accretions	118,473.70	1,033.30	342.96	119,849.96	215,498.64	5,358.71	183.01	221,040.36
Gross carrying amount								
Closing balance	**389,595.07**	**50,423.65**	**4,519.37**	**444,538.09**	**343,232.28**	**40,667.94**	**5,322.63**	**389,222.85**
Reconciliation of ECL balance is given below:								
ECL allowance -								
Opening balance	**1,661.41**	**3,538.88**	**942.12**	**6,142.41**	**276.63**	**985.59**	**432.05**	**1,694.27**
Addition during the year	75.21	3,373.12	910.57	4,358.90	1,449.27	2,875.93	1,046.09	5,371.29
Reversal / Utilization during the year	(460.10)	(337.21)	(1,040.85)	(1,838.16)	(64.49)	(322.64)	(536.02)	(923.15)
Closing provision of ECL	**1,276.52**	**6,574.79**	**811.84**	**8,663.15**	**1,661.41**	**3,538.88**	**942.12**	**6,142.41**

Analysis of inputs to the ECL model under multiple economic scenarios

An overview of the approach to estimating ECLs is set out in Note 3.5 Summary of significant accounting policies. ECL on financial assets is an unbiased probability weighted amount based out of possible outcomes after considering risk of credit loss even if probability is low. ECL is calculated based on the following components:

The following tables outline the impact of multiple scenarios on the allowance based on macro-economic factors considered:

₹ in Lakhs

ECL Scenario	As at March 31, 2021	As at March 31, 2020
Best case	8,584.22	5,372.70
Base case	8,654.68	5,809.36
Worst case	8,729.98	6,397.23

Analysis of credit concentration risks

The Company's concentrations of risk are managed by counterparty and geography. The maximum credit exposure to any individual client or counterparty as of March 31, 2021 was INR 63.30 Lakhs (March 31, 2020: INR 71.83 Lakhs).

The following table shows the risk concentration of loan portfolio by geography.

₹ in Lakhs

Geography	As at March 31, 2021	As at March 31, 2020
Tamil Nadu	182,290.54	164,585.54
Karnataka	32,192.50	25,946.28
Andhra Pradesh	125,096.37	107,903.48
Telangana	81,678.27	74,414.92
Others	23,280.41	16,372.63
Total	**444,538.09**	**389,222.85**

Cash and bank balances

The Company held cash and cash equivalents with credit worthy banks and financial institutions as at the reporting dates which has been measured on the 12-month expected loss basis. The credit worthiness of such banks and financial institutions are evaluated by the management on an ongoing basis and is considered to be good with low credit risk.

Other financial assets

This balance is primarily constituted by security deposits and advance to employees. The Company does not expect any losses from non-performance by these counter-parties.

(iii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company is bound to comply with the Asset Liability Management guidelines issued by Reserve Bank of India. The company has Asset

Liability Management policy approved by the board and has constituted Asset Liability Committee to oversee the liquidity risk management function of the company. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company's principal sources of liquidity are borrowings, cash and cash equivalents and the cash flow that is generated from operations.
The Company believes that the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived. In addition, the Company maintains the following undrawn borrowing facilities :

₹ in Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Cash Credit facilities	2,003.40	2,300.00
Others	-	55,000.00
Total	2,003.40	57,300.00

The cash credit facilities may be drawn anytime and may be terminated at any time without notice.

Exposure to liquidity risk
The table below provides details regarding the contractual maturities of financial liabilities and assets including interest as at March 31, 2021:

₹ in Lakhs

Particulars	Carrying amount	Less than 1 year	1-2 years	2-5 years	More than 5 years
Financial Liabilities					
Debt Securities	130,378.55	33,549.02	52,973.11	43,481.42	375.00
Borrowings (Other than Debt Securities)	212,141.12	71,031.62	62,064.87	79,044.63	-
Other payables	867.17	746.93	50.05	70.19	-
Other financial liabilities	1,717.01	679.31	380.09	554.06	103.54
Total	**345,103.84**	**106,006.88**	**115,468.12**	**123,150.30**	**478.54**
Financial Assets					
Cash and cash equivalents	126,718.28	126,718.28	-	-	-
Bank Balances other than cash and cash equivalents	8,853.99	3.96	787.51	5,838.73	2,223.79
Loans	435,874.94	67,216.71	66,958.54	228,710.05	72,989.64
Other Financial assets	474.34	185.68	98.41	157.30	32.95
Total	**571,921.55**	**194,124.63**	**67,844.46**	**234,706.08**	**75,246.38**

The table below provides details regarding the contractual maturities of financial liabilities and assets including interest as at March 31, 2020:

₹ in Lakhs

Particulars	Carrying amount	Less than 1 year	1-2 years	2-5 years	More than 5 years
Financial Liabilities					
Debt Securities	107,886.42	24,245.73	66,027.28	17,613.40	-
Borrowings (Other than Debt Securities)	128,482.89	38,970.37	36,641.10	50,874.47	1,996.95
Other payables	662.40	662.40	-	-	-
Other financial liabilities	1,568.10	520.11	409.12	509.92	128.95
Total	**238,599.81**	**64,398.61**	**103,077.50**	**68,997.79**	**2,125.90**
Financial Assets					
Cash and cash equivalents	28,977.95	28,977.95	-	-	-
Bank Balances other than cash and cash equivalents	16,134.94	13,658.72	-	1,719.47	756.75
Loans	383,080.44	41,092.95	56,621.26	200,946.93	84,419.30
Other Financial assets	524.57	201.49	82.85	203.89	36.34
Total	**428,717.90**	**83,931.11**	**56,704.11**	**202,870.29**	**85,212.39**

47. Disclosures required as per RBI Circulars/Directives

A. Schedule to the Balance Sheet of a Non-Banking Financial Company as required under Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016

₹ in Lakhs

Particulars	As at March 31, 2021		As at March 31, 2020	
	Amount Outstanding	Amount Overdue	Amount Outstanding	Amount Overdue
Liabilities side				
1. Loans and Advances availed by the non-banking financial company, inclusive of interest accrued thereon but not paid				
a. Debentures				
i. Secured	130,378.55	-	107,886.42	-
ii. Unsecured				-
b. Deferred Credits	-	-	-	-
c. Term Loans*	211,944.51	-	128,482.89	-
d. Inter-corporate loans and borrowings	-	-	-	-
e. Commercial Paper	-	-	-	-
f. Public Deposits				
g. Other loans				
Loans repayable on demand (secured) - From Banks	196.60	-	-	-
Loans from related parties (unsecured)	-	-	-	-
Loans from others (unsecured)				
Borrowings under securitisation	-	-	-	-

₹ in Lakhs

Particulars	As at March 31, 2021		As at March 31, 2020	
	Amount Outstanding	Amount Overdue	Amount Outstanding	Amount Overdue
2. Break-up of (1) (f) above (outstanding public deposits inclusive of interest accrued thereon but not paid) :				
a. In the form of Unsecured debentures	-	-	-	-
b. In the form of party secured debentures i.e debentures where there is a shortfall in the value of security	-	-	-	-
c. Other public deposits	-	-	-	-

* includes borrowings under securitisation

₹ in Lakhs

Particulars	Amount Outstanding as on March 31, 2021	Amount Outstanding as on March 31, 2020
Assets side		
3. Break-up of Loans and Advances, including Bills Receivables		
a. Secured	435,874.94	383,080.44
b. Unsecured	-	-
4. Break up of Leased Assets and Stock on Hire and Other Assets counting towards AFC activities		
(i). Leased assets including lease rentals under Receivables		
a. Financial lease	-	-
b. Operating lease	-	-
(ii). Stock on hire including hire charges under Receivables		
a. Assets on hire	-	-
b. Repossessed assets	-	-
(iii). Other loans counting towards AFC activities		
a. Loans where assets have been repossessed (net)	-	-
b. Loans other than (i) above	-	-
5. Break-up of Investments		
a. Current Investments		
1. Quoted		
i. Shares		
a. Equity	-	-
b. Preference	-	-
ii. Debentures and Bonds	-	-
iii. Units of Mutual Funds	-	-
iv. Government Securities	-	-
v. Others	-	-

₹ in Lakhs

Particulars	Amount Outstanding as on March 31, 2021	Amount Outstanding as on March 31, 2020
2. Unquoted		
i. Shares		
a. Equity	-	-
b. Preference	-	-
ii. Debentures and Bonds	-	-
iv. Government Securities	-	-
v. Others	-	-
b. 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	-	-

6. Borrower group-wise classification of assets financed in 3 and 4 above

₹ in Lakhs

Category	Amount [Net of Provisions]					
	As at March 31, 2021			As at March 31, 2020		
	Secured	Unsecured	Total	Secured	Unsecured	Total
a. Related Parties						
i. Subsidiaries	-	-	-	-	-	-
ii. Companies in the same group	-	-	-	-	-	-
iii. Other Related Parties	-	-	-	-	-	-
b. Other than Related Parties	435,874.94		435,874.94	383,080.44	-	383,080.44
Total	**435,874.94**	**-**	**435,874.94**	**383,080.44**	**-**	**383,080.44**

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

₹ in Lakhs

Category	As at March 31, 2021		As at March 31, 2020	
	Market value / breakup or Fair value or NAV	Book Value (Net of Provisions)	Market value / breakup or Fair value or NAV	Book Value (Net of Provisions)
a.Related Parties				
i. Subsidiaries	-	-	-	-
ii. Companies in the same group	-	-	-	-
iii. Other Related Parties	-	-	-	-
b. Other than Related Parties	-	-	-	-
Total	**-**	**-**	**-**	**-**

₹ in Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
8. Other Informations		
a. Gross Non-Performing Assets (stage 3 assets)		
i. Related Parties	-	-
ii. Other than Related Parties	4,519.36	5,322.63
b. Net Non-Performing Assets (stage 3 assets)		
i. Related Parties	-	-
ii. Other than Related Parties	3,707.52	4,380.51
c. Assets acquired in satisfaction of debt	-	-

Additional Disclosure pursuant to Reserve Bank of India notification DNBR (PD) CC. No.029/03.10.001/ 2014-15 dated April 10, 2015

B. Derivatives (Forward rate agreement / interest rate swap)

There has been no forward rate contracts / interest rate swaps or any other derivative transactions carried out by the Company during the year ended March 31, 2021 and March 31, 2020.

C. Investments		
1. Value of Investments		
i. Gross value of investments		
a. In India	-	-
b. Outside India	-	-
ii. Provision for depreciation		
a. In India	-	-
b. Outside India	-	-
iii. Net value of investments		
a. In India	-	-
b. Outside India	-	-
2. Movement of provisions held towards depreciation on investments		
i. Opening balance	-	-
ii. Add : Provisions made during the year	-	-
iii. Less : Write-off / write-back of excess provisions during the year	-	-
iv. Closing balance	-	-
D. Exposure to Real Estate Sector		
1. Direct exposure		
i. Residential Mortgages		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	444,538.09	389,222.85
ii. Commercial Real Estate		
Lending secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.).	-	-

₹ in Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
iii. Investments in Mortgage Backed Securities (MBS) and other securitised exposures		
a. Residential	-	-
b. Commercial Real Estate	-	-
Total exposure to Real Estate sector (gross)	**444,538.09**	**389,222.85**

* These include all loans given by the Company which are secured by the underlying mortgaged properties.

E. Customer Complaints

No. of complaints pending at the beginning of the year	-	-
No. of complaints received during the year	31	15
No. of complaints redressed during the year	31	15
No. of complaints pending at the end of the year	-	-

F. Exposure to Capital Market

The Company does not have any exposure to capital market and hence this disclosure is not applicable.

G. Concentration of Advances

Total Advances during the year to twenty largest borrowers	917.00	1,131.50
Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	0.17%	0.25%

H. Concentration of exposures

Total exposure to twenty largest borrowers	803.12	926.44
Percentage of exposures to twenty largest borrowers to Total exposure of the NBFC	0.18%	0.24%

I. Concentration of NPAs (Stage 3 assets)

Total exposure to top four NPA accounts	134.52	145.77

J. Ratings assigned by Credit Rating Agencies

The Credit Analysis & Research Limited (CARE), CRISIL Limited (CRISIL) and ICRA Limited (ICRA) have assigned ratings for the various facilities availed by the Company, details of which are given below:

Commercial Paper		
- CARE	A1	A1
Long term Bank Facilities		
- CARE	A	A
- ICRA	A	A
Short term bank facilities		
- CARE	A1	A1
Non Convertible Debentures		
- CARE	A	A
- ICRA	A	A
- CRISIL	-	BBB+

Particulars	Percentage of NPAs to total advances in that sector	
	As at March 31, 2021	As at March 31, 2020
K. Sector-wise Gross NPAs (Stage 3 assets)		
Agriculture & allied activities	-	-
MSME*	7.78%	44.61%
Corporate borrowers	-	-
Services*	1.13%	1.55%
Unsecured personal loans	-	-
Auto loans (commercial vehicles)	-	-
Other personal loans	0.70%	0.88%

* Represents small business loans given to borrowers involved in manufacturing/service sectors.

The above sector-wise NPA and advances is based on the data available with the company and filed with Reserve Bank of India, which has been relied upon by the auditors.

L. Movement of NPAs (Stage 3 assets)		
Gross NPAs to Net Advances (%)	1.02%	1.37%
Net NPAs to Net Advances (%)	0.84%	1.13%
Movement of NPAs (Gross)		
(a) Opening balance	5,322.63	1,867.19
(b) Additions during the year	1,422.15	4,553.08
(c) Reductions during the year	(1,228.58)	(611.58)
(d) Write off	(996.83)	(486.06)
(d) Closing balance	4,519.37	5,322.63
Movement of Net NPAs		
(a) Opening balance	4,380.51	1,435.14
(b) Additions during the year	511.58	3,506.99
(c) Reductions during the year	(1,184.56)	(561.62)
(d) Closing balance	3,707.53	4,380.51
Movement of provisions for NPAs (excluding provisions on standard assets)		
(a) Opening balance	942.12	432.05
(b) Provisions made during the year	910.57	1,046.09
(c) Write-off / write-back of excess provisions	(1,040.85)	(536.02)
(d) Closing balance	811.84	942.12

M. Other Regulator - Registration details

Regulator	Registration No.
i. Ministry of Corporate Affairs	U65991TN1984PLC010844
ii. Reserve Bank of India	B-07.00286
iii. National Housing Bank*	05.0134.16

*Certificate of Registration has been surrendered to NHB on June 5, 2020

N. Disclosure of penalties imposed by RBI and other regulators

The Company has paid not paid any penalty during the year ended March 31, 2021 (Year ended March 31, 2020 - 0.15 to NHB)

O. Details of Single Borrower Limit (SGL)/ Group Borrower Limit (GBL)

The Company has not exceeded the prudential exposure limits during the year ended March 31, 2021 and March 31, 2020

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

The Company does not have any joint ventures and subsidiaries abroad during the year ended March 31, 2021 and March 31, 2020 and hence this disclosure is not applicable.

Q. Details of financing of parent company products

The Company does not have a parent company and hence this disclosure is not applicable.

R. Details of non-performing financial assets purchased/ sold

The Company has not purchased any non-performing assets during the financial year ended March 31, 2021 and March 31, 2020.

S. Details of unsecured advances

The Company has not granted any advances against intangible securities during the financial year ended March 31, 2021 and March 31, 2020.

T. Off-Balance Sheet SPVs sponsored

The Company does not have Off-Balance Sheet SPVs sponsored, which are required to be consolidated as per the accounting norms, during the financial year ended March 31, 2021 and March 31, 2020.

U. Remuneration to non-executive directors

The Company has incurred commission of INR 18 Lakhs and sitting fee of INR 13.75 lakhs during the year ended March 31, 2021 (March 31, 2020: Commission - INR 18 lakhs, sitting fee - INR 12.50 lakhs)

V. Draw down from reserves

The Company has not made any draw down from reserves during the year ended March 31, 2021 and March 31, 2020.

W. Provisions and Contingencies

₹ in Lakhs

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Category-wise Break up of 'Provisions and Contingencies' shown in the Statement of Profit and Loss		
Provisions for depreciation on investment	-	-
Provision towards non-performing assets*	866.56	996.42
Provision made towards income tax	12,594.12	10,056.07
Provision for compensated absences	399.18	379.48
Provision for gratuity	306.90	243.54
Provision for standard assets#	2,651.01	3,938.07

* Represents impairment loss allowance on stage 3 loans - Includes write-off of INR 996.83 lakhs (March 31, 2020 - INR 486.06 lakhs))

Represents impairment loss allowance on stage 1 and stage 2 loans.

X. Gold Loan Portfolio

The Company has not provided loan against gold during the year ended March 31, 2021 and March 31, 2020.

Y. Asset Liability Management - Maturity pattern of certain items of assets and liabilities

As at March 31, 2021

₹ in Lakhs

Particulars	Upto 1 month	Over 1 month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Liabilities									
Borrowings from Banks	3,386.54	3,357.10	3,226.62	9,805.16	18,771.12	49,866.69	9,755.40	-	98,168.63
Market Borrowings*	7,056.91	5,676.17	6,198.27	9,473.94	38,803.06	153,497.59	25,547.95	375.00	246,628.89
Assets									
Advances	9,164.06	4,673.72	4,735.06	15,570.43	34,381.85	146,167.08	159,311.40	76,393.56	450,397.16

As at March 31, 2020

₹ in Lakhs

Particulars	Upto 1 month	Over 1 month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Liabilities									
Borrowings from Banks	2,341.42	2,436.19	2,405.62	6,837.51	13,553.82	35,943.95	14,071.03	-	77,589.54
Market Borrowings*	1,245.69	920.76	3,277.17	3,938.52	27,355.24	107,835.36	14,372.23	2,000.46	160,945.43
Assets									
Advances	4,721.32	2,063.73	2,099.79	6,464.20	28,255.60	124,413.99	141,019.11	85,853.50	394,891.24

* Market borrowings include borrowings from all sources other than banks.

Notes:

- The balances considered are without netting of impairment loss allowance (for stage 1 and stage 2 assets) and unamortised borrowing costs/unamortised processing fee.
- The maturity pattern of advances as at March 31, 2020, represent estimated cashflows considering the moratorium given to the customers. Also refer note 51.
- The Company has obtained moratorium from the investors with respect to outstanding under securitisation arrangements. This has been given effect in maturity pattern of market borrowings as at March 31, 2020.

Z. Disclosures in respect of fraud as per the Master Directions DNBS. PPD.01/66.15.001/2016-17, dated September 29,

₹ in Lakhs

Particulars	Less than INR 1 Lakh		More than INR 1 Lakh less than INR 25 Lakh		Above INR 25 Lakh		Total	
	Number of Instances	₹ in lakhs	Number of Instances	₹ in lakhs	Number of Instances	₹ in lakhs	Number of Instances	₹ in lakhs
Person involved:								
Staff**	1.00	0.97	-	-	-	-	1	0.97
Outsiders	-	-	-	-	-	-	-	-
Total	**1.00**	**0.97**	**-**	**-**	**-**	**-**	**1**	**0.97**
Type of fraud:								
Cash Mishandling**	1.00	0.97	-	-	-	-	1	0.97
Others	-	-	-	-	-	-	-	-
Total	**1.00**	**0.97**	**-**	**-**	**-**	**-**	**1**	**0.97**

** The amount has been recovered fully and the above frauds have already been disclosed to the RBI, wherever applicable.

AA. Disclosures Pursuant to Reserve Bank of India Guidelines on Liquidity Risk Management RBI/2019-20/88 DOR.NBFC (PD) CC.No.102/03/.10.001/2019-20 dated November 4, 2019

As per the Guidelines on Liquidity Risk Management Framework for NBFCs issued by RBI vide notification no. RBI/2019-20/88 DOR.NBFC (PD) CC. No.102/03.10.001/2019-20, all non-deposit taking NBFCs with asset size more than INR 5000 crores are required to maintain Liquidity Coverage Ratio (LCR) from December 1, 2020, with the minimum LCR to be 30%, progressively increasing, till it reaches the required level of 100%, by December 1, 2024.

₹ in Lakhs

Particulars	Quarter ended 30 June 2020		Quarter ended 30 September 2020		Quarter ended 31 December 2020		Quarter ended 31 March 2021	
	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
High Quality Liquid Assets								
1. Total High Quality Liquid Assets (comprise of cash on hand and demand deposits with Scheduled Commercial Banks)	45,077.52	45,077.52	47,465.99	47,465.99	36,764.77	36,764.77	15,185.85	15,185.85
Cash outflows								
2. Deposits (for deposit taking companies)	-	-	-	-	-	-	-	-
3. Unsecured wholesale funding	-	-	-	-	-	-	-	-
4. Secured wholesale funding	7,817.81	8,990.48	9,303.09	10,698.55	26,794.82	30,814.05	12,254.44	14,092.60
5. Additional requirements, of which	-	-	-	-	-	-	-	-
(i) Outflows related to derivative exposures an other collateral requirements	-	-	-	-	-	-	-	-
(ii) Outflows related to loss on funding on debt products	-	-	-	-	-	-	-	-

₹ in Lakhs

Particulars	Quarter ended 30 June 2020 Total Unweighted Value (average)	Quarter ended 30 June 2020 Total Weighted Value (average)	Quarter ended 30 September 2020 Total Unweighted Value (average)	Quarter ended 30 September 2020 Total Weighted Value (average)	Quarter ended 31 December 2020 Total Unweighted Value (average)	Quarter ended 31 December 2020 Total Weighted Value (average)	Quarter ended 31 March 2021 Total Unweighted Value (average)	Quarter ended 31 March 2021 Total Weighted Value (average)
(iii) Credit and liquidity facilities	-	-	-	-	-	-	-	-
6. Other contractual funding obligations	-	-	-	-	-	-	-	-
7. Other contingent funding obligations	21,783.33	25,050.83	21,383.33	24,590.83	20,983.33	24,130.83	20,366.67	23,421.67
Total cash outflows	**29,601.14**	**34,041.31**	**30,686.42**	**35,289.38**	**47,778.15**	**54,944.88**	**32,621.11**	**37,514.27**
Cash Inflows								
9. Secured Lending	160.06	120.04	7,889.15	5,916.86	11,990.89	8,993.17	12,848.67	9,636.50
10. Inflows from fully performing exposures	-	-		-	-	-	-	-
11. Other cash inflows	9,077.33	6,808.00	50,807.74	38,105.80	79,479.00	59,609.25	89,469.11	67,101.83
12. Total cash inflows	**9,237.39**	**6,928.04**	**58,696.89**	**44,022.66**	**91,469.89**	**68,602.42**	**102,317.78**	**76,738.33**
		Total Adjusted Value		**Total Adjusted Value**		**Total Adjusted Value**		**Total Adjusted Value**
13. Total HQLA		45,077.52		47,465.99		36,764.77		15,185.85
14. Total Net cash outflows		27,113.27		8,822.35		13,736.22		9,378.57
15. Liquidity Coverage Ratio (%)		166%		538%		268%		162%

Notes:

1. The average weighted and unweighted amounts are calculated taking simple average based on monthly observation for the respective quarter. The weightage factor applied to compute weighted average value is constant for all the quarters.
2. Prior to introduction of LCR framework, the company used to maintain a substantial share of its liquidity in form of fixed deposits with banks and investment in mutual funds. Post the introduction of LCR framework, the Company has consciously worked towards increasing its investment in High Quality Liquid Assets (HQLA) as per the RBI guidelines.
3. Weighted values have been calculated after the application of respective haircuts (for HQLA) and stress factors on inflow and outflow.
4. The above details is based on the data available with the Company, which has been relied upon by the auditors.
5. Since the disclosure is effective from current financial year, the comparative disclosure for previous year is not applicable.

Qualitative information:

1. The Company has implemented the guidelines on Liquidity Risk Management Framework prescribed by the Reserve Bank of India requiring maintenance of Liquidity Coverage Ratio (LCR), which aim to ensure that an NBFC maintains an adequate level of unencumbered HQLAs that can be converted into cash to meet its liquidity needs for a 30 calendar day time horizon under a significantly severe liquidity stress scenario.

2. LCR = Stock of High-Quality Liquid Assets (HQLAs)/Total Net Cash Outflows over the next 30 calendar days

3. HQLAs comprise of cash on hand and demand deposits with Scheduled Commercial Banks.

4. Total net cash outflows are arrived after taking into consideration total expected cash outflows minus total expected cash inflows for the subsequent 30 calendar days. As prescribed by RBI, total net cash outflows over the next 30 days = Stressed Outflows - [Min (stressed inflows; 75% of stressed outflows)]. Total expected cash outflows (stressed outflows) are calculated by multiplying the outstanding balances of various categories or types of liabilities and off-balance sheet commitments by 115% (15% being the rate at which they are expected to run off further or be drawn down). Total expected cash inflows (stressed inflows) are calculated by multiplying the outstanding balances of various categories of contractual receivables by 75% (25% being the rate at which they are expected to under-flow).

5. The inflows included under "Secured Lending" for quarter ended June 30, 2020 and September 30, 2020 are after considering the moratorium extended to the customers (also refer Note 51). “Other cash inflows” include mutual funds and callable fixed deposits maturing within 30 days.

6. The Liquidity Risk Management framework of the Company is governed by its Liquidity Risk Management Policy and Procedures approved by the Board. The Asset Liability Management Committee (ALCO) oversee the implementation of liquidity risk management strategy of the Company and ensure adherence to the risk tolerance/limits set by the Board.

7. The Company maintains a robust funding profile with no undue concentration of funding sources. In order to ensure a diversified borrowing mix, concentration of borrowing through various sources is monitored. Further, the Company has prudential limits on investments in different instruments to maintain a healthy investment profile. There is no currency mismatch in the LCR. The above is periodically monitored by ALCO.

AB. Disclosures Pursuant to Reserve Bank of India Guidelines on Securitisation Transactions RBI//2012-13/170 DNBS. PD. No. 301/3.10.01/2012-13 dated 21 August 2012 and Additional Disclosure pursuant to Reserve Bank of India notification DNBR (PD) CC. No.029/03.10.001/ 2014-15 dated April 10, 2015

Details of securitisation during the year Securitisation of Assets:

₹ in Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
No of Special Purpose Vehicle's (SPV's) sponsored by the NBFC for securitisation transactions (Nos.)	12	4
Total amount of securitised assets as per books of the SPVs sponsored by the NBFC#	81,815.63	33,395.95
Total amount of exposures retained by the NBFC to comply with Minimum Retention Ratio (MRR) as on the date of balance sheet		
a) Off-balance sheet exposures		
- First loss	-	-
- Others	-	-
b) On-balance sheet exposures		
- First loss	26,622.41	7,921.46
- Others	-	-
Amount of exposures to securitisation transactions other than MRR		
a) Off-balance sheet exposures		
i) Exposure to own securitisations		
- First loss	-	-
- Others	-	-
b) On-balance sheet exposures		
i) Exposure to own securitisations		
- First loss	5560.81	-
- Others (Receivables from SPV's for Assets De-recognised)	-	-
ii) Exposure to third party securitisations		
- First loss	-	-
- Others	-	-

represents the value of securitised assets retained in the books of the NBFC as the assets were not de-recognised . Does not include value of overcollateralisation on loan assets.

*The Company had consummated 2 transactions during the financial year ended March 31, 2021 under the partial credit guarantee scheme of the Government of India. While structually similar to other securitization/PTC Transactions uindertaken by the company, no SPVs were created for these 2 transactions. The above disclosure includes as at March 31, 2021 also the details pertaining to these transactions.

The Company has neither entered into any assignment transaction nor sold financial assets to Securitisation / Reconstruction Company for Asset Reconstruction. Hence the related disclosures are not applicable.

AC. Disclosure relating to Securitisation pursuant to Reserve Bank of India notification DBOD. No.BP. 1502/21.04.048/ 2004-05 dated 1 February 2006*

₹ in Lakhs

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
1. Total number of contracts for loan assets securitised during the year	33,134	18,762
2. Book value of Loan assets securitised during the year*	78,578.96	39,886.34
3. Sale consideration received for securitised assets during the year	78,578.96	39,886.34
4. Gain/ Loss (if any) on sale of securitised loan assets	-	-
5. Quantum (Outstanding value) of service provided:	-	-
Credit Enhancement		
Fixed Deposit	5,236.94	2,405.63
Overcollateralisation	13,944.43	5,515.84

The securitised loans disclosed in the above notes (i.e 47-AB, 47-AC) do not qualify for de-recognition under Ind-AS. Nevertheless, the information in the notes is presented to ensure compliance with the RBI disclosure requirements.

* The value of overcollateralisation on loan assets, given as credit enhancement has not been considered here for the purpose of this disclosure.

The Company has neither entered into any assignment transaction nor sold financial assets to Securitisation / Reconstruction Company for Asset Reconstruction. Hence the related disclosures are not applicable.

AD. Disclosure pursuant to Reserve Bank of India notification DOR (NBFC).CC.PD.No No.109 /22.10.106/2019- 20 dated 13 March 2020 pertaining to Asset Classification as per RBI Norms

Comparison between Ind AS 109 provisions and IRACP norms
As at 31 March 2021

₹ in Lakhs

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	Provision required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
Performing assets						
Standard assets	Stage 1	389,595.07	1,276.53	388,318.54	1,558.38	(281.85)
	Stage 2	50,423.65	6,574.78	43,848.86	201.69	6,373.09
Subtotal		**440,018.72**	**7,851.31**	**432,167.40**	**1,760.07**	**6,091.24**
Non -Performing assets*						
Substandard	Stage 3	2,931.21	552.40	2,378.81	293.01	259.39
Doubtful						
Upto 1 year	Stage 3	1,588.16	259.44	1,328.72	317.63	(58.19)
1 to 3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful		**1,588.16**	**259.44**	**1,328.72**	**317.63**	**(58.19)**
Loss assets	Stage 3	-	-	-	-	-
Subtotal for NPA		**4,519.37**	**811.84**	**3,707.53**	**610.64**	**201.20**
Other items	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal for other items		-	-	-	-	-
Total		**444,538.09**	**8,663.15**	**435,874.93**	**2,370.71**	**6,292.44**

As at 31 March 2020

₹ in Lakhs

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	Provision required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
Performing assets						
Standard assets	Stage 1	3,43,232.28	1,661.41	3,41,570.87	1,373.10	288.31
	Stage 2	40,667.94	3,538.88	37,129.06	162.72	3,376.16
Subtotal		**3,83,900.22**	**5,200.29**	**3,78,699.93**	**1,535.82**	**3,664.47**
Non -Performing assets*						
Substandard	Stage 3	4,300.97	539.89	3,761.08	430.16	109.73
Doubtful						
Upto 1 year	Stage 3	720.64	101.21	619.43	144.23	(43.02)
1 to 3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful		**720.64**	**101.21**	**619.43**	**144.23**	**(43.02)**
Loss assets	Stage 3	301.02	301.02	-	301.02	-
Subtotal for NPA		**5,322.63**	**942.12**	**4,380.51**	**875.41**	**66.71**
Other items	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal for other items		-	-	-	-	-
Total		**3,89,222.85**	**6,142.41**	**3,83,080.44**	**2,411.23**	**3,731.18**

* The base amount considered for computation of provision required as per IRACP norms also include interest accrued on stage 3 assets

In terms of the requirement as per RBI notifications no. RBI/2019-20/170 DOR (NBFC).CC. PD No. 109/22.10.106/2019-20 dated March 13, 2020 on implementation of Indian accounting standards, Non-Banking Financial Companies (NBFCs) are required to create an impairment reserve for any shortfall in impairment allowances under Ind AS 109 and Income recognition, Asset Classification and Provisioning (IRACP) Norms (including provision on standard assets). The impairment allowances under Ind AS 109 made by the Company exceeds the total provision required under IRACP (including standard asset provisioning) and accordingly, no amount is required to be transferred to impairment reserve. Also refer Note 51.

AE. Disclosure pursuant to Reserve Bank of India Circular DOR.No.BP.BC.63/21.04.048/2020-21 dated 17 April 2020 pertaining to Asset Classification and Provisioning in terms of COVID19 Regulatory Package

Details of moratorium to SMA/overdue categories

₹ in Lakhs

Particulars	As at March 31, 2021
Respective amounts in SMA/overdue categories, where the moratorium/deferment was extended*	101,340.56
Respective amount where asset classification benefits is extended**	-
Provision made on the cases where asset classification benefit is extended ***	-
Provisions adjusted during the respective accounting periods against slippages and the residual provisions	-

* Outstanding as on March 31, 2021 on account of all cases where moratorium benefit is extended by the Company up to August 31, 2020.
** Outstanding on account of cases where the asset classification benefit is extended as on 31 March 2021 for cases which were entitled to a moratorium until August 31, 2020.
*** The Company has made provision for impairment loss allowance (as per Expected credit loss model) for the period ended March 31, 2021.

48. Disclosure under clause 28 of the Listing Agreement for Debt Securities

₹ in Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Loans and advances in the nature of loans to subsidiaries	-	-
Loans and advances in the nature of loans to associates	-	-
Loans and advances in the nature of loans where there is -		
(i) no repayment schedule or repayment beyond seven years	-	-
(ii) no interest or interest below section 186 of Companies Act, 2013	-	-
Loans and advances in the nature of loans to firms/companies in which directors are interested	-	-

49. Disclosure of Specified Bank Notes ('SBN')

The disclosures regarding details of specified bank notes held and transacted during November 8, 2016 to December 30, 2016 has not been made in these financial statements since the requirement does not pertain to financial year ended March 31, 2021.

50. Amalgamation with Five-Star Housing Finance Private Limited - wholly owned subsidiary

During the financial year ended March 31, 2020, the Company vide its board meeting dated August 29, 2019 had approved the Scheme of Amalgamation ("the Scheme") of its wholly owned subsidiary - Five-Star Housing Finance Private Limited, which was in the business of providing long term housing finance, with the Company and their respective shareholders under sections 233 of the Act and other applicable provisions of the Act. The appointed date under the aforesaid Scheme is April 1, 2019. This scheme has been approved by the regulatory authorities. As required by the IND AS 103 - Business Combinations, pooling of interest method has been considered for common control business combination and accordingly, the assets and liabilities are reflected in the books of the Company at their respective carrying amounts. Further, in accordance with Ind AS 103 - Business Combinations, financial statements have been restated from April 1, 2018.

51. Impact of Covid 19

The outbreak of COVID-19 pandemic and consequent regional lockdowns has severely impacted various activities across the country. The extent of impact of second wave of COVID-19 on the economy would also be dependent upon on future developments including measures taken by the Government, Regulator, responses of businesses and consumers to the pandemic. Therefore, the impact on the Company's business, cash flows and financial statements, is dependent on such future developments, which are highly uncertain.

In accordance with the Reserve bank of India (RBI) guidelines related to "Covid-19 regulatory package" dated March 27, 2020 and subsequent guidelines on EMI moratorium dated April 17, 2020 and May 23, 2020 the Company has offered moratorium to its customers based the eligibility for EMIs falling due between March 1, 2020 to August 31, 2020. Further, the Company offered resolution plans to its customers pursuant to RBI's guideline 'Resolution framework for Covid-19 related stress' dated August 6, 2020. Disclosures as required by RBI for moratorium is given in Note 47 AE.

In accordance with the Board approved moratorium policy read with the Reserve Bank of India (RBI) guidelines dated March 27, 2020, April 17, 2020, May 23, 2020 and August 6, 2020 relating to 'COVID-19 – Regulatory Package' and guidelines issued thereto, the Company has granted moratorium up-to five months on the payment of instalments falling due between April 1, 2020 and August 31, 2020 to all eligible borrowers on a suo-moto basis based on the Company's policy approved by its Board. Based on an assessment by the Company, this relaxation has not been deemed to be automatically triggering significant increase in credit risk 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. Accordingly, in respect of accounts where moratorium benefit have been granted, the staging of those accounts as at March 31, 2021 is based on the days past due status considering the benefit of moratorium period in accordance with the Reserve Bank of India Covid-19 Regulatory Package.

Estimates and associated judgments / assumptions applied in preparation of these financial statements including determining the impairment loss allowance and expected future cash inflows / outflows are based on a combination of historical experience and emerging / forward looking indicators resulting from the pandemic. In addition to these early indicators, the Company has separately incorporated estimates, assumptions and judgements specific to the impact of the COVID-19 pandemic in the measurement of impairment loss allowance for the year ended March 31, 2021. In addition to the indicators available, the Company has also used potential stress on probability of default and exposure at default on the expected credit losses on loans and accordingly recognized an expected credit loss on loans of INR 8,663.15 lakhs as at March 31, 2021 (As at March 31, 2020 - INR 6,142.41 lakhs) including an additional impairment provision amounting to INR 3,517.57 lakhs (including write offs of INR 996.83 lakhs) during the current year (Year ended March 31, 2020 - INR 4,934.19 lakhs (including write offs of INR 486.06 lakhs)). The Company believes that it has considered all the possible impact of the currently known events arising out of COVID-19 pandemic in the preparation of financial statements. However, the impact assessment of COVID-19 is a continuing process given its uncertainty in nature and duration, this may have corresponding impact in the financial position. The Company will continue to monitor any material changes to the future economic conditions.

52. Disclosure under clause 16 of the Listing Agreement for Debt Securities

The listed debentures are secured by exclusive charge on identified book debts. Additionally, certain listed debentures are also backed by a pari-passu charge on an immovable property of the company

53. The Company had complied with the interim order granted by the Honourable Supreme Court of India dated 3 September 2020 Public Interest Litigation (PIL) by Gajendra Sharma Vs Union of India & ANR to not declare addditional accounts as non-performing asstes (NPA) post 31 August 2020 which were not declared as (NPA) as of 31 August 2020. The interim order stood vacated on 23 March 2021 in the matter of Small Scale Industrial Manufacturers Associations vs UOI & Others. In accordance with the order and the instructions in paragraph 5 of the RBI circular dated 7 April 2021 issued in this connection, the Company has complied with the asset classification of borrower accounts as per the extant RBI instructions / IRAC norms. The Company has made the provision on such borrower accounts, as per the requirement of Ind AS.

54. The Government of India, Ministry of Finance, vide its notification dated 23 October 2020, had announced COVID-19 Relief Scheme for grant of ex-gratia payment of difference between compound interest and simple interest for six months to borrowers in specified loan accounts ("the Scheme"), as per the eligibility criteria and other aspects specified therein and irrespective of whether RBI moratorium was availed or not. The Company had implemented the Scheme in accordance with the requirements of the notification and credited to the accounts of or remitted amounts to the eligible borrowers as per the Scheme.

55: Events after the reporting period

Ind AS 10 Events after the Reporting Period, requires an entity to evaluate information available after the balance sheet date to determine if such information constitutes an adjusting event, which would require an adjustment to the financial statements, or an on-adjusting event, which would only require disclosure.

a) In accordance with instructions in RBI circular dated April 7, 2021, all lending institutions shall put in place a Board approved policy and refund / adjust the 'interest on interest' charged to borrowers during the moratorium period, irrespective of whether moratorium had been fully or partially availed, or not availed. Pursuant to these instructions. the Company has put in place a Board approved policy on "Refund/Adjustment of Interest on Interest charged during the Moratorium Period" and accordingly estimated the said amount based on guidance provided by Indian Banks Association (IBA) on April 19, 2021 and reversed the income to the extent of INR 1144.30 lakhs during the current financial year.

b) During the month of April 2021, the Company made preferential allotment of 14,71,771 fully paid-up equity shares at a price of Rs.10 each at a premium of Rs.3,508.71 per share pursuant to approval by the Board of Directors at its meeting held on March 22, 2021 which was followed by the approval of shareholders in the Extraordinary General Meeting held on April 22, 2021.

56. Previous year figures

Prior year figures have been reclassified / regrouped wherever necessary to conform to the current year's classification / disclosure.

See accompanying notes to the financial statements

As per our report of even date
for **B S R & Co. LLP**
Chartered Accountants
Firm's registration number: 101248W/W-100022

For and on behalf of the Board of Directors of
Five-Star Business Finance Limited
CIN : U65991TN1984PLC010844

K Raghuram
Partner
Membership No: 211171

D Lakshmipathy
Chairman & Managing Director
DIN : 01723269

R Anand
Director
DIN : 00243485

G Srikanth
Chief Financial Officer

K Rangarajan
Chief Executive Officer

B Shalini
Company Secretary
ACS: A51334

Place: Chennai
Date May 28, 2021

Place: Chennai
Date: May 28, 2021

FIVE STAR
Business Finance Limited

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