CENTRUM micro credit

Centrum Microcredit Limited

Annual Report 2019-20

Contents

Board of Directors

Mr. Ranjan Ghosh
Chairman

Mr. Prashant Thakker
Executive Director & CEO

Mr. Rishad Byramjee
Non-executive Director

Mr. Shailendra Apte
Non-executive Director

Mr. Suresh Krishna Kodihalli
Independent Director

Ms. Jayshree Venkatesan
Independent Director

Key Managerial Personnel
(other than ED & CEO)

Mr. Praveen Saha
Manager

Mr. Hiren Vasa
Chief Financial Officer

Ms. Bhumika Jani
Company Secretary

Corporate Information

Centrum Microcredit Limited
(Formerly known as Centrum Microcredit Private Limited)

Registered Office:
Level-9 Unit 801, Centrum House, Vidyanagari
Marg Kalina,Santacruz East Mumbai – 400098.

Corporate Office:
Office 402,4th Floor,Neelkanth Corporate Park
Kirol Road,Vidyavihar (West), Mumbai – 400086.

Tel – 022 – 42159000
Email – info@centrum.co.in
cs@centrum.co.in

Website – www.centrummicrocredit.com

Corporate Identification Number:
U67100MH2016PLC285378

Statutory Auditors:
M/s. Haribhakti & Co. LLP

Registrar & Share Transfer Agents:
1. Link Intime India Private Limited
C-101, 247 Park, L.B.S Marg, Vikhroli (W),
Mumbai-400083.

2. NSDL Database Management Limited
4th Floor, Trade WorldA Wing, Kamala Mills
Compound Senapati Bapat Marg, Lower Parel,
Mumbai –400013.

Our Value Proposition

Vision

To create a positive, social and economic impact in the lives of low-income households by providing Microcredit and other relevant financial services.

Mission

To positively impact 3 million low-income households by 2025, across India by being their financial services provider of choice. To be a technology driven & sustainable institution, creating value for all stakeholders.

Values

Trust, Integrity, Innovation & Long-term Relationships.

Chairman’s Message

Dear Shareholders,

This is my first message since I was formally appointed as the Chairman of the Company. I thank the Directors and Stakeholders for this honour.

Centrum Microcredit Limited has had an incredible journey since its inception and acquisition of the Microfinance business of FirstRand Bank in December 2017. The financial year 2019-20 is notable for several milestones this young Company has achieved along with its highly committed team. I would like to touch upon a few of these. We reached 2 lakh customer mark during the year and with the acquisition of Altura Financial Services Limited’s Microfinance business we expanded our footprint to 9 States of India with a significant rural base. Our seamless acquisition of Altura’s microfinance business, customers, employees and infrastructure is a quiet testimony to the strength and depth of our Management team.

The Company has also demonstrated resilience in the face of severe environmental challenges, notably the cyclone in Odisha in May last year, which had caused severe destruction. Our teams were able to bounce back quickly and also worked with many of our clients who suffered terrible damage to help them get back on their feet. This resilience will hold us in good stead as your Company faces its biggest challenge ever in the form of the COVID pandemic. While it’s too early to assess the full impact of the pandemic, the early signs are encouraging. I must compliment our team of 900+ employees for their dedication and courage during these unprecedented times.

We have been privileged to receive active support from our 19 lenders. We have also been able to use several financing avenues such as non-convertible debentures, commercial paper, pass through certificates and pooled loan issuances to diversify our liability profile. This has proven immensely helpful in an environment where liquidity for smaller financial institutions has been scarce. The unstinted support we have received from our parent company Centrum Capital Limited has helped us in this journey and we thank them for that.

The pandemic did not have a direct bearing on our FY 2019-20 financial results and we ended the year with a net profit of INR 5.39 Crore on an AUM of INR 468.75 Crore. Your Company has lined up a number of new products such as health insurance, gold savings, enterprise loans and sanitation loan. Whilst our growth in AUMs are likely to be muted due to the impact of the pandemic in the first half of FY 2020-21, we are expecting significant improvements in the operating processes and new product launches to provide momentum to our business in the current year.

Best Wishes,

Ranjan Ghosh
(Chairman)

CEO’s Message on the Social Performance & Impact Report

I am delighted to present the first edition of Centrum Microcredit Limited’s (CML) Social Performance and Impact report. We started our journey, a little more than 2 years ago, and while this is a self-assessed report, it is an important first step to ensure that we remain aligned to our vision **“To create a positive, social, and economic impact in the lives of low-income households by providing microcredit and other relevant financial services”**.

We believe that social development is about improving the well-being of every individual in society so they can reach their full potential. The success of society is linked to the well-being of every individual. It is about supporting people so they can move forward on their path to self-sufficiency.

This report is a modest effort to assess the impact we have on our stakeholders, through the generally acceptable tools and metrics and an attempt to align our operations to address the UN Sustainable Development Goals.

Although providing financial services is the primary goal of CML, we have tried to make a difference in the communities in which we operate, through interventions revolving around social development. CML has been involved in capacity building, financial literacy, livelihood promotion, healthcare, education & training, and water & sanitation.

Along with providing credit and financial services, social interventions also promote sustainable and equitable growth and lead to a better quality of life for our customers.

Feedback is welcome and I hope this report will help better understand our approach.

We are proud to present our social performance and impact report

Thanking you,

Prashant Thakker
(Executive Director & Chief Executive Officer)

Key Indicators & Achievements

Overall CARE Grading
Feb 2019

MFI 2

(Third grading on an eight-point scale, with MFI 1 being the highest and MFI 5 being the lowest)

Social Performance Impact Report Rating
March 2020

(SPIR 2 Category - Good)

IIX Impact & Risk Score
May 2020

Overall, 9.2 out of 10
(Impact performance-8.4/10, risk mitigation 10/10)

Code of Responsible Lending
Dec 2019

Among the **Top performers** in MFIN Code of Responsible Lending

Customer Service Index Score
March 2020

Overall, 77.25%
(Policy framework-84.21%, employee orientation 66.67%, information to customers-64.47%, loan processes-80.50%, grievance redressal for customers-87.50%, monitoring-81.82%)

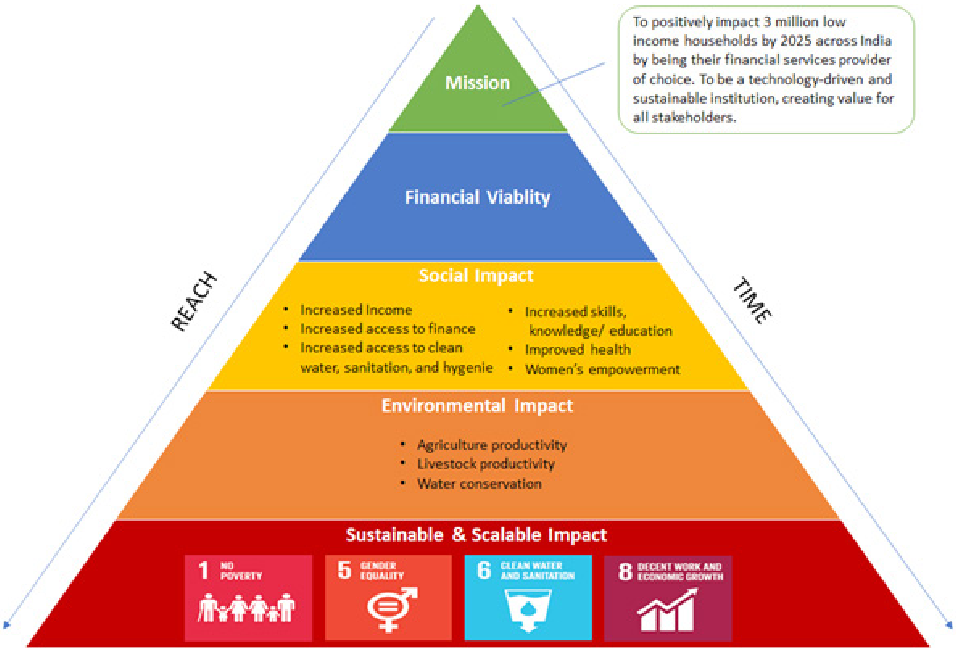
Transparency Index Score
March 2020

Overall, 92%
(Product pricing transparency-91%, fair and respectful treatment of customers-92%, mechanism for complaints resolution-100%)

Code of Conduct Assessment
March 2019

Grade - M3C2
(M3 indicates the ability of CML to manage its microfinance activities in a sustainable manner is 'above average' & C2 signifies 'good' performance on COCA dimensions)

Sustainability Pyramid



Sustainable Development Goals

The Sustainable Development Goals (SDGs), also known as the Global Goals were adopted by all United Nations Member States in 2015 as a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity by 2030.

CML has aligned itself to the SDGs for achievement of sustainable development.

5.1 SDGs addressed through Business Operations

No Poverty:

CML aims to create a society that aims to reduce poverty and increase self-sufficiency by providing micro credit and other relevant financial services to the un-served and under-served people in urban, semi-urban and rural areas. The aim is to create a positive social and economic impact in the lives of low-income households. Beneficiaries are better able to take care of their basic/intermediate needs after receiving a loan from CML. CML strives hard to fulfil its mission of positively impacting 3 million low income households by 2025 across India by being their financial services provider of choice, thus working towards poverty reduction.

Gender Equality:

Gender equality is not only a fundamental human right, but a necessary foundation for a peaceful, prosperous, and sustainable world. Women have often been underprivileged and discriminated. Despite all Government and Non-Governments' efforts, women have been left out of the financial sector.

CML believes in gender equality and women empowerment. CML provides microfinance to women, it gives them the financial backing they need to start business ventures and actively participate in the economy. This gives them confidence, improves their status, and makes them more active in decision making, thus encouraging gender equality. As on March 2020, CML had 2,24,546 (100%) women customers. CML also provides employment opportunities to women. About 13% of our employees are women.

Clean Water & Sanitation:

There is a growing recognition of the potential for microfinance to improve access to safe water supply and sanitation (WSS) among low-income populations. Considering this, CML has recently partnered with Water.Org and has launched its clean water & sanitation loan program known as "**Aarogya Dhaara"**. Aarogya Dhaara means continuous flow of good health and wellbeing. The goal of this project is to positively impact around 24,000 households and around one lakh individuals during the next two years in CML geographies. The project also aims at improving the availability of clean water and sanitation facilities in CML households by at least 10% and increased awareness of customers on the importance of clean water and sanitation. Loans would be given to customers for handpump connections, borewell connections, new toilet constructions, toilet upgradations.

Decent Work & Economic Growth (Employment Generation):

Expansion of employment opportunities has been an important objective of development planning in India. However, in comparison to recruitment in Urban areas, recruitment in rural areas is challenging due to a number of factors.

However, CML has tried to address this through its recruitment policy. For our loan officer cadre, we hire 100% fresh employees from states which are lower along the development index (as per the data released by RBI). Having a young employee base helps in bringing in fresh ideas, brings more Tech savvy employees, and creates viable employment opportunities for the current generation.

CML also has an inclusive hiring policy to ensure representation of women, physically impaired candidates and find a suitable job profile for them. CML hired 112 fresh graduates last year.

Post their recruitment, CML has put across a structured training calendar, which is a month-long process, helping them get comprehensive information about the organisation, business and their roles and responsibilities and preparing them for a fulfilling career with CML.

5.2 SDGs addressed through CSR

Zero Hunger:

It is impossible to ignore the impact that the coronavirus pandemic has brought onto the world. In a world where lockdowns restrict physical movement, it is important to take care of ourselves, but at the same time it is also pivotal to give back to the less fortunate in times of crisis. As our community continues to be affected by Covid-19, many families are left without access to their everyday essentials to meet the immediate family needs. In these testing times focusing on a small but significant gesture will have a large impact on society. The global pandemic has largely affected many towns, and many small businesses that make up the local economy.

The CML team along with Centrum Foundation provided 55+ tons of monthly ration to 3000+ families with food grains and other essentials in Maharashtra (Khopoli, Palghar, Saphale & Kalyan), Gujarat (Pandesara) and Jharkhand (Kodarma, Ramgarh & Ranchi). In total more than 100 employees of CML were involved in this activity.

Apart from the Coronavirus global pandemic, the East Indian regions were hit by a super cyclonic storm, 'Amphan' that caused widespread devastation and damage. Regions like West Bengal and Odisha have been severely affected causing the death toll to reach 80. As the storm barrelled up the Bay of Bengal people were asked to leave their homes and go to the evacuation shelters.

We provided essentials to Odisha and West Bengal making sure that areas with no electricity and the villages and the families severely affected by the cyclone were all given 3+ tons of groceries and essentials. Our team members personally saw to it that while maintaining social distancing, safety, and hygiene they could help provide relief in their way for the families affected.

Last year, India experienced two of the biggest catastrophic events cyclone 'Fani' & Maharashtra floods. Livelihood of people staying in both Odisha and Maharashtra was adversely affected. Thousands lost their homes, there was shortage of food and supplies, electricity and day-to-day routine was disrupted.

In both these zones we have good density of customers. During this time of great difficulty, we needed to be with them. CML team went to these affected areas and distributed food packets and tarpaulin to the grieved and needy.

Our increased charitable giving commitments not only reflects the part we play in aiding immediate relief but also how we will continue our support throughout the year.

Relief work during the Global Pandemic and the Super Cyclonic Storm 'Amphan'

(Essential food distribution in cyclone affected areas in Raghunathpur (Odisha), Medinipur East (West Bengal) and in Covid affected areas of Kalyan & Khopoli in Maharashtra)

Good Health & Well-being:

CML believes in promoting good health and well-being of its customers and employees. It provides insurance solutions (credit linked life insurance and Hospi-cash insurance) in partnership with Kotak Life, HDFC Life and TATA AIG to its customers.

Also, during COVID-19 outbreak, Outpatient Health Services (OPD) were shut across many hospitals and experts advised patients to avoid physical healthcare facilities unless it was an emergency. Telemedicine and digital health services were the need of the hour.

CML had collaborated with DocOnline for digital doctor consultation for this challenging and tough times. All employees of CML and their family members could avail this benefit for free during the lockdown period with DocOnline doctor consultations and other medical services.

Quality Education:

Education represents the stepping-stone to improve the quality of life, especially for the poor and the vulnerable. Access to quality education is fundamental to the growth of India. The ideology behind CML's corporate social responsibility initiatives in education is to transform lives through the continuous enhancement of knowledge and empowerment.

Rural schools often find it hard to compete with the urban schools as they simply lack the basic resources. The gap between the rural and urban areas regarding computer literacy can put the rural students at a major disadvantage, limiting their education, their college and professional career options.

CML is helping to bridge this digital gap by providing laptops in rural and semi urban areas. We have distributed several laptops in Government schools in greater Mumbai and in Bihar. All these Government schools have computer science as a subject, however, none of the schools were equipped with computers. Our volunteers also emphasise on the importance of technology and education through focused learning session. This will aid in wider course offerings, expanded library access, blended learning and hence students will get a smarter education. As an evolving organization, we continue to serve technology in a quest of bridging the technology gap in rural and urban India, and hence help in the transformation of Rural India, for a better tomorrow.

CML identified schools across different states where it has its footprints i.e. Maharashtra, Gujarat, Odisha, and Bihar and provided books, stationery articles, school bags etc. to the identified schools.

CML also provides financial literacy to its customers by explaining them financial terms and giving them loan details. During compulsory group training (CGT) and group recognition test (GRT), the customers are educated about the loan products and benefits. They are also informed about the collection procedure and grievance redressal procedure.

Books and Stationery Donation Drive

(Books and stationery drive done in Balwadi in Thane (Maharashtra), Balwadi in Vasai (Maharashtra), Government school in Gujarat, Odisha & Bihar)

Bridging the Technology gap between Rural and Urban India

(Laptop distribution done in government schools in Maharashtra - Karjat, Khopoli, Asangaon & Ghodbunder Gaon and in Bihar, Muzaffarpur)

Bibliography:

- Source of survey result: SPIR 4 and IIX Global unverified reports, and M-CRIL for COCA.

Clients' success stories

Home Manufacture of Paper Plates
Ms. Manisha Sahu – Bilaspur

My husband works at a shop that makes reading glasses and his income was not enough to meet our household expenses and provide a good quality education to our two children. We were barely able to save anything and I had to do small jobs, like stitching sari blouses etc. to help generate an additional income.

About 1 year ago I heard about a few women around my area joining to form a group in order to get a loan and start businesses of their own. Centrum's Loan Officer approached me and explained to me about the joint liability group loan and I decided to take a loan and Rs. 60,000 was sanctioned from Centrum based on my credit and business plan.

With some advice from friends and neighbours, I decided to start a business of manufacturing paper plates. Using the loan amount, we bought paper plate-making machine and the required raw materials. I installed the machine at my home as I can look after my children even when I am working. The machine can make around 30 to 40 plates in once cycle and one sack consists of 300 paper plates. I then package them for delivery to a distributor who I have tied up with and he further sells it in the market. I decided to get into this business because there is a good demand for paper plates and are eco-friendlier compared to plastic. This business and the opportunity to earn additional income has brought in a lot of excitement and hope in our lives. Apart from being a home maker, I have also become a women entrepreneur.

I am grateful to Centrum Microcredit for helping me fulfil my dreams, and having made a big difference in our quality of life. I am looking forward to expanding my business and also once the pandemic ends, I will send my children to a better school.

Planting our Success
Mrs. Hemprabha Sharma - Birgaon

Hemprabha Shrama, a resident of Birgaon, Raipur lives with her husband and two sons. Birgaon provides limited employment opportunities and the only viable option is entrepreneurship. Hemprabha's husband is an Ayurvedic doctor, running a small clinic in the village. As the family grew, her husband's limited income was not enough to cope with their requirements.

Like any parent, Hemprabha wanted to educate her children well and build a platform to make them economically independent. Her husband, being a doctor, she felt it would be appropriate to start a small pharmacy close to the clinic. This would complement her husband's business, wherein he would prescribe the medicines and recommend her pharmacy for the sale. Once established, this pharmacy could later on provide employment to her sons.

She met Centrum Microcredit's Loan Officer in 2014 and learnt about the Joint Group Loan. After due financial and business planning with assistance from the company, she availed her first loan instalment of Rs. 15,000/- and started operations. Six years have passed, and with every round of additional finance, she purchased more supplies to widen her product range. Today, Hemprabha's business has enabled her to put her sons in pharmacy college and will soon join her in the business.

Hemprabha says, "I am on my fifth loan cycle with Centrum Microcredit and I am extremely grateful to them for helping me achieve my dream and providing a better and secured future for my children. I can proudly say that my husband and 2 sons are the most educated and monetarily sound in our village."

Chasing Dreams
Sarla Bai Sahu-Durg

My husband and I were both unemployed due to the unavailability of jobs in the market. Despite living in a joint family, we were not able to provide for our children. So we started off with a small shop just outside our home, selling basic essential items bought from the market with a capital of Rs. 2,000/-.

We saw that the demand for food items and groceries was there but we did not have the income to get more supplies and keep the shop running.

Five years ago, I remember my friends in the village telling me about this company Centrum that was providing loans to women entrepreneurs and supporting them to start a business of their own.

After receiving my 1st Loan amount of Rs 20,000/-, I went to the market and bought essential fast moving items required daily and by the 2nd and 3rd loan cycle, I finally put up a Kirana store close to home. Slowly, as the word spread, people from our community became our regular customers.

We can proudly say that we also contribute to our joint family's income. We have put our children through school and I will continue to work so I can secure their future.

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Directors' Report

To,
The Members,
Centrum Microcredit Limited
Mumbai

Your Directors have pleasure in presenting to you the fourth Annual Report of your Company together with the Audited Accounts for the Financial Year ended on 31st March, 2020.

FINANCIAL RESULTS

Your Company's financial performance during the year has been summarized below:

₹ in lakh

PARTICULARS	2018-19 (IGAAP)	2019-20 (Ind AS) *
Income for the year	4,246.03	8,817.40
Expenditure for the year	4,049.86	8,183.56
Profit Before Tax	196.17	633.84
Less: Current Tax	60.77	-
Previous Year	-	-
Add/(Less)Deferred Tax	(62.71)	(94.15)
Profit or Loss After Tax	72.69	539.69

** The Company adopted Ind AS w.e.f. FY 2019-20*

FINANCIAL PERFORMANCE AND STATE OF THE COMPANY'S AFFAIRS

FINANCIAL PERFORMANCE

The total income of the Company increased from ₹ 4,246.03 lakh in FY 2018-19 (IGAAP reporting) to ₹ 8,817.40 lakh in FY 2019-20 under Ind AS reporting. For the current year, the Company has reported a PBT of ₹ 633.84 lakh and PAT of ₹ 539.69 lakh.

- **PERFORMANCE OF THE BUSINESS AND SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR**

  Significant milestones were achieved during the year.

  - The Company expanded its operations to 9 States across 72 Districts and 130 branches.
  - Total staff strength increased from 463 to 938 people.
  - Altura Financial Services Limited's microfinance portfolio buyout in November 2019.
  - Altura complemented CML with 4 new States, 44,583 customer base and 222 trained staff.
  - The Company achieved balance sheet size of + ₹ 50,000 lakh and crossed 2,00,000 active clients in FY20.
  - The Company's lender base has diversified significantly to include new lenders and new products including Securitization, Issue of Non-Convertible Debentures, Compulsorily Convertible Debentures and Commercial Papers.

OTHER HIGHLIGHTS

	Mar-19	Mar-20
Total AuM ₹ in lakh (including securitized portfolio)	21,756	46,875
PAR (1+ day overdue value in lakh)	47	192
PAR(in %age)	0.22%	0.41%
No. of Branches	50	130
No. of Employees	463	938

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management Discussion and Analysis Report for the year under review is presented in a separate section forming part of this Annual Report. (**Annexure A**)

RESOURCES

The Company raised funds through a mix of Tier I & Tier II funds. During the year, the borrowings increased from ₹ 21,518.76 lakh as on 31st March, 2019 to ₹ 43,505.70 lakh as on 31st March, 2020 on account of increased business operations.

The Company has also raised money by issuance of following securities as under:

1. Commercial Paper – ₹ 1,000 lakh
2. Non-Convertible Debentures – ₹ 5,176 lakh
3. Compulsorily Convertible Debentures – ₹ 2,250 lakh
4. Rights Issue – ₹ 750 lakh

The following securities were redeemed / extinguished/ converted during the year:

1. Commercial Paper – ₹ 1,000 lakh
2. Compulsorily Convertible Debentures – ₹ 1,350 lakh

TRANSFER TO RESERVES

The Board of Directors transferred ₹ 107.94 lakh to Statutory Reserve. No amount was transferred to General Reserves.

CHANGES IN SHARE CAPITAL

During the period under review, the authorized share capital of the Company was raised from ₹ 5,500 lakh to ₹ 8,500 lakh. The paid-up equity share capital of the Company increased from ₹ 4,953 lakh to ₹ 7,053 lakh divided into 7,05,28,306 Equity shares of face value ₹ 10.00 per equity share.

During the year under review, the Company had made rights issue aggregating upto ₹ 750 lakh to Centrum Capital Limited. Further, Compulsorily Convertible Debentures (CCDs) amounting to ₹ 1,350 lakh were converted at a price of ₹ 10.00 into equity shares of the Company.

DIVIDEND

In order to conserve the resources, the Directors do not recommend any dividend for the financial year 2019-20.

SUBSIDIARIES, JOINT VENTURE AND ASSOCIATE COMPANIES

Centrum Capital Limited (CCL) is the holding Company of Centrum Microcredit Limited. The Company has no subsidiaries.

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY BETWEEN THE END OF FINANCIAL YEAR AND DATE OF THE REPORT

The onset of COVID-19 pandemic in February 2020 in India resulted in a nation-wide lockdown on 25th March, 2020. This may impact the growth prospects of the Company due to overall economic slow-down across all business segments. The growth strategies will have to be re-calibrated considering the revised economic scenarios. Various measures are being announced by Regulators to support the economy, the impact of which is difficult to assess at present.

Business Impact on Company due to COVID-19 pandemic:

- COVID started in India in February 2020
- March 2020 disbursement was restricted to 20% of the planned disbursement. Total collection of 93% in the month of March 2020 against monthly trend of 99%+.
- No major impact on Balance Sheet and P&L of FY20.
- Lockdown declared on 25th March, 2020 affecting last week's collection. Lockdown continues in many areas across the country.
- RBI declared loan repayment moratorium and relaxation on asset classification giving relief on portfolio quality for FY20.
- Difficult to make an assessment during lockdown.
- Full Impact on business to be seen in H1FY21.

The onset of COVID -19 has no major impact on the financials of the Company for the year ended 31st March, 2020 but may have impact on the H1 results of the Company for the financial year 2020-21.

CHANGE IN NATURE OF BUSINESS

There is no change in nature of Business of the Company during the period under review.

AUDITORS AND AUDITOR'S REPORT

The members of the Company at the 3rd Annual General Meeting of the Company held on 29th July, 2019, had appointed M/s. Haribhakti & Co. LLP, Chartered Accountants (FRN: 103523W / W100048), Mumbai, as Statutory Auditors, for a period of 5 years upto the FY 2023-24.

M/s Walker Chandiok & Co LLP, Chartered Accountants, the erstwhile Statutory Auditors of the Company resigned on 23rd July, 2019, due to their preoccupation.

There are no observations/ qualifications of the Auditors in their report for the FY 2019-20.

REPORTING OF FRAUDS

There was no instance of fraud during the year under review, which required the Statutory Auditors to report to the Audit Committee and / or Board under Section 143(12) of Companies Act, 2013 and Rules framed thereunder.

SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Priyanka J & Associates, Company Secretaries to undertake the Secretarial Audit of the Company.

The Report of the Secretarial Auditor is appended herewith as an annexure to the report. **(Annexure B)**

There is no adverse remark, qualifications or reservation in the said Secretarial Audit Report. However, there was one observation which was duly attended by the management.

COST AUDITOR

The provisions of Section 148(3) of the Companies Act, 2013 are not applicable to the Company.

INTERNAL AUDITORS & THEIR REPORT

Pursuant to the provisions of Section 138 of the Companies Act, 2013, Mr. Deepak Kujur, was appointed as the Internal Auditor of the Company for the financial year commencing from 1st April, 2019 to 31st March, 2020. He submitted his report for the half year ended 30th September, 2019. Subsequently, Pinnacle Global Consultancy were appointed as Internal Auditors of the Company to conduct audit for the entire Financial Year 2019-20.

In their report(s) on the Internal Audit of your Company, they have not submitted any material qualifications, reservations or adverse remarks or disclaimers.

DIRECTORS & KMP

During the year under review, Mr. Prashant Thakker (DIN: 07405451) was appointed as Executive Director and CEO of the Company with effect from 1st June, 2019 for a period of three years.

Further, Mr. Ranjan Ghosh (DIN: 07592235), Non- Executive Director of the Company was appointed as the Chairman of the Company at the Board meeting held on 8th August, 2019.

In accordance with the provisions of the Companies Act, 2013, and the Articles of Association of the Company, Mr. Rishad Byramjee (DIN: 00164123) retires by rotation at the forthcoming Annual General Meeting and being eligible, offers himself for re-appointment.

Mr. Praveen Saha was appointed as the Manager as per the provisions of Section 203 of the Companies Act, 2013 w.e.f. 12th April, 2019 for a period of three years.

Mr. Abhishek Damani resigned as the Company Secretary of the Company w.e.f. 25th April, 2019 and Ms. Bhumika Jani was appointed as the Company Secretary w.e.f. 26th April, 2019.

Mr. Hiren Vasa continues to act as the Chief Financial Officer of the Company.

MEETINGS OF THE BOARD AND COMMITTEES

Details of meetings of the Board and committees held during the year are set out in following table.

Particulars	Board	Audit Committee	Nomination & Remuneration Committee
Number of Meetings	7	4	3
Dates of Meetings	12.04.2019, 26.04.2019, 23.05.2019, 08.08.2019, 17.09. 2019, 05.11.2019, 23.01.2020.	26.04.2019, 08.08.2019, 05.11.2019, 23.01.2020.	26.04.2019, 23.05.2019, 05.11.2019,
Ranjan Ghosh	7	0	3
Rishad Byramjee	6	4	3
Shailendra Apte	7	4	NA
Suresh Kodihalli Krishna	5	4	3
Jayshree Venkatesan	4	3	2
Prashant Subhash Thakker	4	1	NA

Seven meetings of the Board were held during the year. The intervening gap between the meetings was within the period as prescribed under the Companies Act, 2013 (the "Act").

None of the Non-Executive Directors and Independent Directors had any pecuniary relationships or transactions with the Company during the year under review, apart from receiving sitting fees for attending board and committee meetings.

INDEPENDENT DIRECTORS' MEETING

A meeting of Independent Directors was held on 8th May, 2020, as per schedule IV of the Companies Act, 2013.

RISK MANAGEMENT FRAMEWORK

Key mechanisms to identify, assess, monitor and mitigate various risks associated with the business of the Company are in place. Major risks identified by the businesses and functions, if any, are systematically addressed through mitigating actions on a continuous basis. Key risk items if any are escalated to the monthly Management Committee meetings and at the Board meetings as necessary.

The Management Committee of the Company has not identified any elements of risk, which in their opinion may threaten the existence of the Company and the Company's internal control systems are commensurate with the nature of its business, size and complexity of its operations.

An independent 3rd Party Internal Audit and the Statutory Audit have been conducted this year. Internal Business Operations Audit is being conducted by the Internal Audit team. Further, the Company made additional hires and strengthened its Audit and Risk management function. Key findings have been presented to the (ARC) and the Board. Management has put in place a remedial action plan with timelines and responsibilities. This shall be regularly tracked at the management committee meetings.

A Board approved Risk Management policy is in place. This captures the various risks and recommends governance structures and processes for the management in to a unified enterprise-wide risk policy.

PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN, AND SECURITIES PROVIDED

In terms of Section 186(11) of the Companies Act, 2013 read with Companies (Meetings of Board and its Powers) Rules, 2014, loans made, guarantees given or securities provided by the Company are exempted from compliance with the requirements of Section 186 of the Companies Act, 2013.

LOAN TO PURCHASE SHARES OF THE COMPANY

During the year under review, the Company has not given loan to any person in its employment to purchase shares of the Company. Accordingly, disclosures required to be made under Section 67(3) of the Companies Act, 2013 are not applicable to the Company.

INTERNAL FINANCIAL CONTROL AND ADEQUACY

The Company has an internal control system, commensurate with the size, scale and complexity of its operations. Testing of such control systems forms a part of the audit.

The Board wishes to state that the internal financial controls with reference to financial statements as designed and implemented by the Company are adequate.

RELATED PARTY TRANSACTIONS

All related party transactions that were entered during the financial year were on arm's length basis and were in the ordinary course of business. There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

All Related Party Transactions are placed before the Audit Committee for prior approval/ ratification. Prior omnibus approval of the Audit Committee is obtained for the transactions which are repetitive in nature or when the need for them cannot be foreseen in advance.

None of the transactions entered with related parties falls under the scope of Section 188(1) of the Act.

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

The statement containing names of top ten employees in terms of remuneration drawn and the particulars of employees as required under Section 197(12) of the Act read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is provided under **Annexure-C** to this report.

PARTICULARS OF DEPOSITS

The Company being a 'Non-Deposit taking Non-Banking Financial Company-Micro Finance Institution' has not accepted deposits during the year under review and shall not accept any deposits from the public without obtaining prior approval of the RBI. Accordingly, the disclosure requirements under Rule 8(5)(v) and (vi) of the Companies (Accounts) Rules, 2014 are not applicable to the Company.

DISCLOSURES BY DIRECTORS

The Directors on the Board have submitted notice of interest under section 184(1) and intimation under section 164(2). All Independent Directors have also given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Act.

AUDIT COMMITTEE

The constitution of the Audit Committee as on 31st March, 2020, is as follows:

Name	Category	Designation in Committee
Suresh Krishna Kodihalli	Independent Director	Chairman
Shailendra Apte	Non-Executive Director	Member
Rishad Byramjee	Non-Executive Director	Member
Ms. Jayshree Venkatesan	Independent Director	Member

The details of meetings held are provided above.

NOMINATION & REMUNERATION COMMITTEE

The constitution of the Nomination & Remuneration Committee as on 31st March, 2020, is as follows:

Name	Category	Designation in Committee
Mr. Suresh Krishna Kodihalli	Independent Director	Chairman
Mr. Rishad Byramjee	Non-Executive Director	Member
Mr. Ranjan Ghosh	Non-Executive Chairman	Member
Ms. Jayshree Venkatesan	Independent Director	Member

The details of meetings held are provided above.

DIRECTORS' RESPONSIBILITY STATEMENT

Based on the framework of internal financial controls established and maintained by the Company, work performed by the statutory, secretarial auditors and external agencies, the reviews performed by Management and the relevant Board Committees, the Board, with the concurrence of the Audit Committee, is of the opinion that the Company's internal financial controls are adequate and effective.

Accordingly, pursuant to Section 134(5) of the Companies Act, 2013, the Board of Directors, to the best of their knowledge and ability, confirm:

i. that in the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures;

ii. that we had 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 / loss of the Company for that period;

iii. that proper and sufficient care had been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

iv. that the annual accounts have been prepared on a going concern basis;

v. that proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

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

The Company has adopted Nomination and Remuneration Policy on Director's Appointment and Remuneration for Directors, Key Managerial Personnel and other Employees. Nomination and Remuneration Policy is appended as **Annexure D**.

PERFORMANCE EVALUATION

Independent Directors in their separate meeting, evaluated the performance of Non-Independent Directors, Chairman of the Board and the Board as a whole. They also reviewed the quality, quantity and timeliness of the flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

While reviewing, Independent Directors, inter alia, considered key functions and responsibilities of the Board as mentioned in the Companies Act, 2013. The evaluation was done after taking into consideration inputs received from the Directors, setting out parameters of evaluation. Evaluation parameters of the Board and Committees were mainly based on Disclosure of Information, Key functions of the Board and Committees, responsibilities of the Board and Committees, etc. Evaluation parameters of individual directors including the Chairman of the Board and Independent Directors were based on Knowledge to perform the role, Time and Level of Participation, Performance of Duties and Level of Oversight and Professional Conduct etc.

The Board of Directors separately carried out evaluation of its own performance and that of its committees and individual Directors and Board as a whole noted the said performance evaluation carried out by the Independent Directors and Nomination and Remuneration Committee of the Company.

CORPORATE SOCIAL RESPONSIBILITY

The provisions of Corporate Social Responsibility are not applicable to the Company for the period under review. However, the Company on its own accord has a focus on its CSR and has conducted a number of initiatives in this regard.

VIGIL MECHANISM

The Company follows the group policy on Vigil Mechanism.

CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

In view of the nature of activities which are being carried out by the Company, Rules 2A and 2B of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, concerning conservation of energy and technology absorption respectively are not applicable to the Company.

The Company does not have any foreign exchange earnings or outgo.

HUMAN RESOURCE AND EMPLOYEE RELATIONSHIP

There is an ongoing emphasis on building a progressive work culture within the organization. Structured initiatives that foster motivation, teamwork and result-orientation continue to be addressed.

The Company has adopted "Policy for Prevention, Prohibition and Redressal of Sexual Harassment at Workplace" and has also constituted Internal Complaints Committee (ICC).

The Directors further state that during the period under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

EXTRACT OF ANNUAL RETURN

An extract of annual return in Form MGT-9 is provided as an **Annexure E** to this report.

EMPLOYEES STOCK OPTIONS (ESOP)

The details pertaining to ESOP granted during the year are as given in **Annexure F**.

COMPLIANCE WITH SECRETARIAL STANDARDS

The Company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India on Board Meetings and Annual General Meetings.

POLICIES AND DISCLOSURE REQUIREMENTS

Nomination and Remuneration Policy is appended as **Annexure D.**

GENERAL

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review.

1. Details relating to Deposits covered under Chapter V of the Act;
2. Issue of equity shares with differential rights as to dividend, voting or otherwise;
3. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future;
4. There was no instance of non-exercising of voting rights in respect of shares purchased directly by the employees under a scheme pursuant to section 67(3) of the Act read with Rule 16(4) of Companies (Share Capital and Debenture) Rules, 2014 and hence no information has been furnished.

ACKNOWLEDGEMENTS

Your Directors express their sincere gratitude to the Reserve Bank of India, Registrar of Companies, other Government and regulatory authorities, lenders, financial institutions and the Company's bankers for the ongoing support extended by them.

Your Directors also wish to place on record their deep sense of appreciation for the commitment displayed by all executives, officers and staff, resulting in successful performance of the Company during the year. Your Directors look forward to the continued support of all stakeholders in the future.

BY ORDER OF THE BOARD
FOR CENTRUM MICROCREDIT LIMITED

Ranjan Ghosh	**Prashant Thakker**
Chairman	**Executive Director & CEO**
DIN: 07592235	**DIN: 07405451**

Place: Mumbai
Date: 11th May, 2020

Note: Annexures C and F do not form a part of this report. The same are duly filed with MCA and circulated amongst members of the Company as per the relevant provisions. A copy of the same can be obtained on request.

Annexure A
Management Discussion and Analysis Report

A. Industry Structure and Developments

The Microfinance Industry continued to show strong growth in FY 2019-20. Industry bodies MFIN and Sa-Dhan along with the RBI continue to keep a close watch on the industry developments. A large number of NBFC MFIs that became Small Finance Banks have now stabilised their operations. Infrastructure support developments like Credit Bureaus, Cash Management and Payment Systems and Wholesale fund availability continues to improve. The microfinance industry has total loan amounts outstanding i.e. a total loan portfolio of ₹ 2,31,788 Crore as on 31st March 2020. This includes DPD 180+ portfolio of ₹ 3,381 Crore as on 31st March 2020. The total number of active loan accounts were 10.54 Crore as on 31st March, 2020. The loans originated after February 2017 represent more than 97.50% of the total industry portfolio. The growth of GLP on a Y-o-Y basis (March 2019 to March 2020) based on loans originated after February 2017 is 29.26%.

B. Opportunities and Threats

There continues to be a large gap in terms of credit towards financial inclusion in the country. This presents a large opportunity for growth as well as an opportunity for customizing products specifically towards meeting the needs of the underserved sectors. The Company (‘CML’) will look to pilot new products in FY21, including Wash Loans and Microenterprise loans. The geographical penetration of Microfinance is now higher across states than it was 3 years ago. Further, this sector is now seeing increased interest and a number of new MFIs have registered with RBI and MFIN. However, increased competition and a risk of deterioration in the field level operations of the sector could lead to worsening of credit quality. Political risks, while currently low, could pose a sudden threat at the time of Local / State / National elections.

Outlook

Given the outbreak of COVID-19, the outlook for the sector could deteriorate. This has been separately discussed in a separate section below. However, keeping that apart, the outlook for the sector continues to remain bright. In spite of the graduation of the SFB, Mid and Small size NBFCs, MFIs continue to grow the market. The MFI sector is also gaining from customer credit preference from unorganized to organized sector, taking the market share away from unlicensed moneylenders and pawnbrokers. Regulatory environment is conducive for sustainable growth of the sector.

C. Segment wise or product wise performance

Disbursement of credit through group loans adopting the JLG methodology is the core product of CML. The performance of this has been reported in the financials. We also facilitate Credit Life Insurance and Non- life products, specifically health insurance for customers in partnership with Life and General Insurance Companies. This year, we plan to pilot new products to meet the clients’ needs, which include Wash Loans, Microenterprise Loans (MEL) and a Save for Gold product.

D. Risks and Concerns

Risk Identification and mitigation is a key function for the management. Competition Risk, Political Risk and Operational Risk are the key risks that can have a direct impact on our operations. CML is now a member of both the industry SROs- MFIN and Sa-Dhan, who assess and report these risks on an ongoing basis, working together with all MFIs. Internally, the key risk and concern areas are covered in the Internal and Statutory audit reports presented to the Board.

Given the outbreak of COVID-19, there is an increased risk to the Company's operations and sustainability. This has been separately discussed in the section below.

E. Internal control systems and their adequacy

Centrum Microcredit Limited ('CML') has established thorough internal control systems to monitor and check if all the financial statements are issued with complete integrity and reliability. The senior management team is fully involved in prudent lending and due diligence exercises to protect the Company's loan asset portfolio. The loan approval process involves origination and sourcing of business, credit appraisal and credit approval. There are maker-checker controls built in for all loan approval, disbursement and collection processes.

The Company has an Internal Audit team in place. They are responsible for the assurances of business processes in the field and for central operations. A detailed quarterly update including branch grading is presented at the Risk Management Committee. Key updates on customer grievances and frauds are presented at the Audit Committee. This year, an external independent consultant has audited all the other functions of the Company other than those already covered by the Internal Audit team.

The Company has an adequate internal control system and procedures covering all financial and operating functions commensurate with the size and nature of its operations. Continuous efforts are being made to see that the controls are designed to provide a reasonable assurance with regard to maintaining accounting controls and protecting assets from unauthorized use or losses.

The internal control system has been developed to ensure accurate and reliable financial reporting and preparation of financial statements in accordance with the applicable laws, regulations and generally accepted accounting principles.

F. COVID 19 – Outlook and Risks

The COVID-19 crisis has impacted the Global and Indian economy. The management continues to keep a close watch on developments. While there seems to be a clear indication of disruption in the business environment, it is too early to judge a full impact of this on our business. At the date of this report, a status update, management response, potential business impact, risk assessment & mitigation strategy were placed before the Risk Management Committee and the Board. The key risks identified and discussed in detail are risks to financial performance, risks to business model and risks to sustainability. The management is ready to plan, learn, react and engage with its customers, employees, regulators, funders, and all other stakeholders to guide the Company through this unforeseen environmental crisis.

G. Discussion on financial performance with respect to operational performance

Financial Performance ₹ in lakh

	2019-20 (Ind AS)	2018-19 (IGAAP)	2017-18 (IGAAP)
Total Income	8,817.40	4,246.03	996.19
Profit Before tax	633.84	196.17	(171.56)
Profit after Tax	539.69	72.69	(220.23)
Net worth	7,330.22	4,805.11	3,242.91
AuM	46,875.47	21,756.43	11,764.56
Borrowings	43,505.70	21,518.76	10,600.00

The Company moved from IGAAP to Ind AS this financial year. It also moved to the new tax regime this year.

Total Income:

The Total income registered a growth of 108% to reach ₹ 8,817.40 lakh in FY 19-20 from ₹ 4,246.03 lakh income in FY 18-19.

Net Worth:

The Company's net worth increased to ₹ 7,330.22 lakh as on 31st March, 2020 from ₹ 4,805.11 lakh as on 31st March, 2019. The increase is mainly on account of infusion of fresh capital for the growth of the business.

Loan Book:

The AUM stood at ₹ 46,875.47 lakh (including securitization/assignment) as on 31st March, 2020.The loan book as reflected in the balance sheet under Ind AS is ₹ 42,530.29 lakh as on 31st March, 2020, registering a growth of 126%. The Company's loan portfolio comprises of Microfinance lending.

Borrowings:

During the FY 2019-20, the Company has raised ₹ 50,711.13 lakh from banks and financial institutions. This was done using a range of different debt products including Term loans, NCDs, Subordinated debt, PLIs & Securitizations, Direct Assignment and by way of issue of Compulsorily Convertible Debentures.

H. Material developments in human resources / industrial relations front, including number of people employed

As on 31 March 2020, the Company had a total head count of 938. Given our geographical expansion, we hired 548 people in the current financial year. Of these, 222 people joined us from Altura Financial Service Limited. Both, the new joinees as well as the existing staff have been provided with adequate credit and customer relations training, required to effectively fulfil their responsibilities. There have been no staff incidents indicative of any industrial actions in our Company. All branches are visited regularly by Sr. Business teams / HR representatives to have a regular connect with employees.

Cautionary Statement/Disclaimer (for this Report)

Certain statements in this Report which describe the Company's objectives, predictions may be "forward-looking statements" within the meaning of applicable laws and regulations. Actual results may vary significantly from the forward-looking statements contained in this document, due to various risks and uncertainties. These risks and uncertainties include the effect of economic and political conditions in India, volatility in interest rates, new regulations and government policies that may impact the Company's business, as well as its ability to implement the strategy. The Company does not undertake to update these statements.

By order of the Board
For Centrum Microcredit Limited

Ranjan Ghosh	**Prashant Thakker**
Chairman	**Executive Director & CEO**
DIN: 07592235	**DIN: 07405451**

Place: Mumbai
Date: 11th May, 2020

Annexure B
Secretarial Audit Report

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2020

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To
The Members,
Centrum Microcredit Limited

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Centrum Microcredit Limited** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2020 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

1. I have examined the books, papers, minute books, forms and returns filed and other records maintained by "the Company" for the financial year ended on 31st March, 2020 according to the provisions of:

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

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

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

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

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

      a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; (Not Applicable)

      b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992; (Not Applicable)

      c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;(Not Applicable)

      d. The Securities and Exchange Board of India (Shares Based Employee Benefit Regulation), 2014; (Not Applicable)

e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not Applicable)

f. 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; (Not Applicable as the company not registered as Registrars or Shares Transfer Agents)

g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not Applicable)

h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; ;(Not Applicable)

2. I have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by the Institute of Company Secretaries of India.

(ii) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Not Applicable as the Securities of the Company is not Listed on any Stock Exchanges)

3. Rules, regulations and guidelines issued by the Reserve Bank of India as are applicable to Non-Deposit taking, Systemically Important Non-Banking Financial Companies.

During the period under review the Company has complied with the all material provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations mention in annexure-I.

I further report that:

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

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

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

We further report that during the audit period, the Company has following specific events:

a) Pursuant to Resolution passed in Extra-ordinary General Meeting of the Company Dated 9th September, 2019 the Authorised Share Capital of the Company increased from Rs. 55,00,00,000/- (Rupees Fifty Five Crore) divided into 5,50,00,000 (Five Crore Fifty lakhs) Equity Shares of Rs.10/-each (Rupees Ten only) each to Rs. 70,00,00,000 (Rupees Seventy Crore) divided into 7,00,00,000 (Seven Crore) Equity Shares of Rs.10/- (Rupees Ten only) by creation of additional 1,50,00,000 (One Crore Fifty lakhs) Equity Shares of Rs. 10 each ranking pari passu in all respect with the existing equity shares of the Company.

b) Pursuant to Resolution passed in Extra-ordinary General Meeting of the Company Dated, 27th January, 2020 the Authorised Share Capital of the Company increased from Rs. 70,00,00,000 (Rupees Seventy Crore) divided into 7,00,00,000 (Seven Crore) Equity Shares of Rs.10/-each (Rupees Ten only) each to Rs. 85,00,00,000 (Rupees Eighty Five Crore) divided into 8,50,00,000 Eight Crore Fifty Lakh) Equity Shares of Rs.10/- (Rupees Ten only) by creation of additional 1,50,00,000 (One Crore Fifty Lakh) Equity Shares of Rs. 10 each ranking pari passu in all respect with the existing equity shares of the Company.

c) Company has issued 704 Secured, Unrated, Unlisted, Transferable, Redeemable Non-Convertible Debenture Bearing a face value of Rs, 1,00,000/- on 8th April, 2019

d) Company has issued 502 Secured, Unrated, Unlisted, Transferable, Reedemable, Series - 6 Non-Convertible Debentures bearing a face value of Rs. 1,00,000/- (rupees one lakh) each, Aggregating upto Rs. 5,02,00,000/· (Rupees five crore two lacs only) issued on a private Placement basis on 12th April, 2019

e) Company has issued 50,00,000 Equity Shares of RS.10/- [Face Value) each at a price of Rs. 10/- on 26th August, 2019 on Right issue basis

f) Company has allotted 1,10,00,000 Equity Shares having Face Value of Rs. 10/- each upon conversion of 1,10,00,000 unrated unlisted Unsecured Compulsory Convertible debentures on 30th September, 2019.

g) Company has issued 2435 (Two Thousand Four Hundred and Thirty Five) Secured, Unrated, Unlisted, Transferable, Redeemable, Series - I Non-Convertible Debentures bearing a Face Value of Rs. 1,00,000/- (Rupees One Lakh) each, Aggregating Upto Rs. 24,60,00,000/- (Rupees Twenty Four Crores Sixty Lakhs Only) issued on a Private Placement Basis on 4th October, 2019.

h) Company has issued 1510 (One Thousand five Hundred and Fifty) Secured, Unrated, Unlisted, Transferable, Redeemable, Series - II Non-Convertible Debentures bearing a Face Value of Rs. 1,00,000/- (Rupees One Lakh) each, Aggregating Upto Rs. 15,10,00,000/- (Rupees Fifteen Crores Ten Lakhs Only) issued on a Private Placement Basis on 1st November, 2019.

i) Company has issued 25,00,000 Equity Shares of RS.10/- [Face Value) each at a price of Rs. 10/- on 31st January, 2020 on Right issue basis

j) Company has issued Compulsory Convertible Debenture on Private Placement Basis follows:

Date of Board Meeting	No of Compulsory Convertible Debenture	Face Value	Amount
08-11-2019	1,00,00,000	10	10,00,00,000
30-12-2019	50,00,000	10	5,00,00,000
31-01-2020	25,00,000	10	2,50,00,000
30-03-2020	50,00,000	10	5,00,00,000

k) The Company as issued 25,00,000 Equity Shares Upon Conversion of 25,00,000 Unrated, Unlisted, Unsecured, Compulsorily Convertible Debenture (CCDs) on 31st March, 2020.

For Priyanka J & Associates Company Secretaries

Sd/-
Priyanka Jain Proprietor
Membership No.: A45252 C. P. No.: 18217
UDIN: A045252B000222891

Date: 11/05/2020
Place: Mumbai

Annexure-1

Observation:

Pursuant to the RBI circular no. RBI/2019-20/88 DOR.NBFC (PD) CC. No.102/03.10.001/2019-20 dated November 04, 2019 on Liquidity Risk Management Framework, the Non-Banking Financial Companies and Core Investment Companies are required to disclosed the information on its website with respect of Disclosure on liquidity risk. As there is no timeline prescribed for compliance with this circular, the Company is in the process of obtaining requisite approval of the Board of Directors in their ensuing Board Meeting scheduled on May 11, 2020 on the revised Asset Liability Management (ALM) & Liquidity Risk Management Policy. The Company has given assurance for the requisite disclosure on the website of the Company, in this regard, immediately after the approval received from the Board.

For Priyanka J & Associates Company Secretaries

Sd/-
Priyanka Jain Proprietor
Membership No.: A45252 C. P. No.: 18217
UDIN: A045252B000222891

Date: 11/05/2020
Place: Mumbai

Annexure-II

To,
The Members,
Centrum Microcredit Limited

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

1. The compliance of provisions of all laws, rules, regulations, standards applicable to **Centrum Microcredit Limited** (hereinafter called 'NBFC) is the responsibility of the management of the NBFC. Our examination was limited to the verification of records and procedures on test check basis for the purpose of issue of the Secretarial Audit Report.

2. Maintenance of secretarial and other records of applicable laws is the responsibility of the management of the NBFC . Our responsibility is to issue Secretarial Audit Report, based on the audit of the relevant records maintained and furnished to us by the NBFC, along with explanations where so required.

3. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the Secretarial records. The verification was done on test check basis to ensure that correct facts are reflected in Secretarial records. We believe that the process and practices, we followed provide a reasonable basis of our opinion for the Propose of Issue of Secretarial Audit Report.

4. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

5. Due to "Covid 19" situations we are unable to check the records maintain with the NBFC in physical form hence Wherever required, we have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc.

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 Priyanka J & Associates Company Secretaries

Sd/-
Priyanka Jain Proprietor
Membership No.: A45252 C. P. No.: 18217
UDIN: A045252B000222891

Date: 11/05/2020
Place: Mumbai

Annexure D
Nomination and Remuneration Policy

BACKGROUND

Section 178 of the Companies Act, 2013 ("the Act"), as amended from time to time, read with Part D of Schedule II of the Listing Regulations, requires the Nomination and Remuneration Committee ("NRC" / "the Committee") to formulate a policy relating to the remuneration for the Directors, Key Managerial Personnel ("KMPs"), Senior Management and other employees of Centrum Microcredit Limited ("the Company") and recommend the same for approval of the Board. Further, Section 178(4) of the Act stipulates that such policy is required to be disclosed in the Board's Report.

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

1. OBJECTIVES & APPLICABILITY

The objective of this Policy is:

1. To formulate the criteria for determining qualifications, positive attributes required for appointment of Directors, Key Managerial Personnel and Senior Management and also the criteria for determining the independence of a Director.

2. To provide the framework for tenure, removal/retirement of Directors, Key Managerial Personnel and Senior Management.

3. To provide the framework for determining remuneration (fixed and performance linked) payable to the Directors, Key Managerial Personnel and Senior Management.

4. To provide the framework for evaluation of the performance of the Board and its constituents.

The Key Objectives of the NRC shall be:

- To guide the Board in relation to the appointment and removal of Directors, Key Managerial Personnel and Senior Management.

- To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation by the Board.

- To recommend to the Board on remuneration payable to the Directors, Key Managerial Personnel and Senior Management.

- To provide to Key Managerial Personnel and Senior Management rewards linked directly to their effort, performance, dedication and achievement relating to the Company's operations.

- To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

- To devise a policy on Board diversity.

- To develop a succession plan for the Board and to regularly review the plan.

Applicability:
a) Directors (Executive and Non-Executive)
b) Key Managerial Personnel
c) Senior Management Personnel

2. DEFINITIONS

2.1. Act means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time.

2.2. Board means Board of Directors of the Company.

2.3. The Company shall mean Centrum Microcredit Limited.

2.4. Directors mean Directors of the Company.

2.5 Nomination and Remuneration Committee or "Committee" means the Committee of the Board constituted/ re-constituted read with section 178 of the Companies Act, 2013 as in force from time to time.

2.6 Key Managerial Personnel means:
- Chief Executive Officer or the Managing Director or the Manager;
- Whole-time director;
- Chief Financial Officer;
- Company Secretary; and
- Such other officer as may be prescribed.

2.7. Senior Management means officers one level below the Executive Directors on the Board.

3. ROLE OF NRC

3.1. Matters to be dealt with, perused and recommended to the Board by the NRC

The Committee shall:

- Formulate the criteria for determining qualifications, positive attributes and independence of a Director.

- Identify persons who are qualified to become Directors and persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down in this Policy.

- Recommend to the Board, appointment including the terms and removal of Directors, KMPs and Senior Management Personnel.

- Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.

3.2. Policy for appointment and removal of Director, KMPs and Senior Management

3.2.1. Appointment criteria and qualifications

a) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director with the objective of having a Board with diverse background and experience in business, education and public service and recommend to the Board his / her appointment.

Attributes expected of all Directors include independence, high personal and professional ethics, sound business judgment, ability to participate constructively in deliberations and willingness to exercise authority in a collective manner.

Appointment of Independent Directors is subject to the provisions of Section 149 of the Act read with Schedule IV and rules thereunder and the Listing Regulations. The NRC shall check that the proposed person satisfies the criteria of independence as stipulated under Section 149(6) of the Act and the Listing Regulations, before his/ her appointment as an Independent Director.

No person shall be appointed as a Director, if he/she is subject to any disqualifications as stipulated under the Act or any other law(s) for the time being in force.

b) A person shall possess adequate qualification, expertise and experience for the position he/ she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position. In evaluating the suitability of individual Board members, the Committee considers many factors, including general understanding of marketing, finance, operations, management, public policy, legal, governance and other disciplines. The Board evaluates each individual in the context of the Board as a whole, with the objective of having a group that can best perpetuate the success of the Company's business and represent stakeholders' interests through the exercise of sound judgment, using its diversity of experience.

c) The Company shall not appoint or continue the employment of any person as Whole-time Director who has attained the age of seventy years. Provided that, the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years. No re-appointment of a Whole-time Director shall be made earlier than one year before the expiry of the current term.

In determining whether to recommend a Director for re-election, the Committee shall consider the Director's past attendance at meetings, participation in meetings and contributions to the activities of the Board.

3.2.2. Term / Tenure

a) Managing Director/Whole-time Director:

The Company shall appoint or re-appoint any person as its Chairman, Managing Director or Executive Director for a term not exceeding Three/Five years at a time. As mentioned above, no re-appointment shall be made earlier than one year before the expiry of the current term.

b) Independent Director:

An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

- No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly. However, if a person who has already served as an Independent Director for 5 years or more in the Company as on October 1, 2014 or such other date as may be determined by the Committee as per regulatory requirement; he/ she shall be eligible for appointment for one more term of 5 years only.

- At the time of appointment of Independent Director it shall be ensured that the number of Boards on which such Independent Director serves as an Independent Director is restricted to seven listed companies and three listed companies in case such person is serving as a Whole-time Director of a listed company or such other number as may be prescribed under the Act.

3.2.3. Evaluation

The Company shall specify the manner for effective evaluation of performance of the Board, its committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance.

A. Senior Management/ KMPs/ Employees

The Human resource ("HR") Department shall carry out the evaluation of the senior management/ KMPs/ employees, every year ending March 31st, with the Department Head(s)/ Management concerned. Key Responsibility Areas ("KRAs") shall be identified well in advance. Performance benchmarks shall be set and evaluation of employees shall be done by the respective reporting Manager(s)/ Management to determine whether the set performance benchmarks are achieved. The payment of remuneration/annual increment to the aforementioned persons shall be determined after the satisfactory completion of evaluation process.

The HR Department of the Company is authorized to design the framework for evaluating the EDs/ KMPs/Senior Management Personnel/Employees.

The objective of carrying out the evaluation by the Company shall be to identify and reward those with exceptional performances during any financial year. Training and Development Orientation programs on a need basis shall be provided to employees, whose performance during any financial year does not meet the benchmark criteria.

3.2.4. Removal

Due to reasons of any disqualification mentioned in the Act or under any other applicable Acts, rules and regulations thereunder, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

3.2.5. Retirement

The Director, KMPs and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board shall have the discretion to retain the Director, KMPs, Senior Management Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

3.3. Policy relating to the Remuneration for the KMP and Senior Management Personnel

3.3.1. General:

a) NRC while determining the criteria for remuneration for Directors, KMPs/Senior Management and other employees ensures that:

- the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate personnel of the quality required to run the Company successfully;
- relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- remuneration to Directors, KMPs and Senior Management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

b) The remuneration/ compensation/ commission etc. to the Executive Directors, KMPs and Senior Management Personnel will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the prior/ post approval of the shareholders of the Company as per the provisions of the Act read with applicable clauses of the Listing Regulations, if any.

c) The remuneration and commission to be paid to the Whole-time Directors shall be in accordance with the percentage / slabs / conditions laid down in the Articles of Association of the Company and as per the provisions of the Act.

d) Where any insurance is taken by the Company on behalf of its Whole-time Directors, the Chief Executive Officer, the Chief Financial Officer, the Company Secretary and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that, if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

e) Increment to the existing remuneration/compensation structure may be recommended by the Committee to the Board, which should be within the slabs approved by the Shareholders in the case of Whole-time Directors and Managing Director.

3.3.2. Remuneration to Whole-time Directors, KMPs and Senior Management Personnel:

a) Fixed pay:
The Executive Director/ KMP and Senior Management Personnel shall be eligible for a monthly remuneration as approved by the Board/ Committee, as the case may be. The breakup of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board/ Committee/ the Person authorized by the Board/ Committee and approved by the shareholder and Central Government, wherever required.

b) Minimum Remuneration:
If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole-time Directors in accordance with the provisions of Schedule V of the Act and if it is not able to comply with such provisions, with the approval of the Shareholders.

c) Provisions for excess remuneration:
If any Whole-time Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Act or without the prior sanction of the Central Government, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Shareholders.

3.3.3. Remuneration to Non- Executive / Independent Director:

Overall remuneration shall be reflective of the size of the Company, complexity of the sector/ industry/company's operations and the company's capacity to pay the remuneration.

Independent Directors ("ID") and Non-Independent Non-Executive Directors ("NED") may be paid sitting fees (for attending the meetings of the Board and the committees of which they may be members) and commission within the regulatory limits. Quantum of sitting fees may be subject to review on a periodic basis, as required.

Within the parameters prescribed by law, the payment of sitting fees and commission shall be recommended by the NRC and approved by the Board.

Overall remuneration (sitting fees and commission) shall be reasonable and suficient to attract, retain and motivate Directors aligned to the requirements of the Company (taking into consideration the challenges faced by the Company and its future growth imperatives). Provided that the amount of such fees shall be subject to ceiling/limits as provided under Companies Act, 2013 and rules thereunder or any other enactment for the time being in force.

Overall remuneration practices shall be consistent with recognised best practices.

In addition to the sitting fees and commission, the Company may pay to any Director such fair and reasonable expenditure, as may have been incurred by the Director while performing his/her role as a Director of the Company. This could include reasonable expenditure incurred by the Director for attending Board/Board committee meetings, general meetings, court convened meetings, meetings with shareholders/creditors/ management, site visits, Client Visits, induction and training (organised by the Company for Directors) and in obtaining professional advice from independent advisors in the furtherance of his/her duties as a director.

4. NOMINATION DUTIES

The duties of the Committee in relation to nomination matters include:

4.1 Ensuring that there is an appropriate induction in place for new Directors and reviewing its effectiveness;

4.2 Ensuring that on appointment to the Board, the Non-Executive Directors receive a formal letter of appointment in accordance with the Guidelines provided under the Act;

4.3 Identifying and recommending Directors who are to be put forward for retirement by rotation.

4.4 Determining the appropriate size, diversity and composition of the Board;

4.5 Setting a formal and transparent procedure for selecting new Directors for appointment to the Board;

4.6 Developing a succession plan for the Board and Senior Management and regularly reviewing the plan;

4.7 Making recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract.

4.8 Delegating any of its powers to one or more of its members or the Secretary of the Committee;

4.9 Recommend any necessary changes in the Policy to the Board; and

4.10 Considering any other matters, as may be requested by the Board.

5. REMUNERATION DUTIES

The duties of the Committee in relation to remuneration matters include:

5.1 to consider and determine the Remuneration Policy, based on the performance and also bearing in mind that the remuneration is reasonable and sufficient to attract retain and motivate members of the Board and such other factors as the Committee shall deem appropriate regarding all elements of the remuneration of the members of the Board.

5.2 to approve the remuneration of the Senior Management including key managerial personnel of the Company, in line with the Policy, maintaining a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company.

5.3 to delegate any of its powers to one or more of its members or the Secretary of the Committee.

5.4 to consider any other matters as may be requested by the Board.

5.5 Professional indemnity and liability insurance for Directors and senior management.

6. MINUTES OF COMMITTEE MEETING

Proceedings of all meetings shall be minute and signed by the Chairman of the Committee at the subsequent meeting. Minutes of the Committee meetings shall be tabled at the subsequent Board and Committee meeting.

7. REVIEW AND AMMENDMENT

- The NRC or the Board may review the Policy annually or earlier when it deems necessary
- The NRC may issue the guidelines, procedures, formats, reporting mechanism and manual in supplement for better implementation to this Policy, if it thinks necessary
- This Policy may be amended or substituted by the NRC or by the Board as and when required and also by the Compliance Officer where there are any statutory changes necessitating the change in this Policy.

8. COMPLIANCE RESPONSIBILITY

Compliance of this policy shall be the responsibility of the Chief Financial Officer of the Company who shall have the power to ask for any information or clarification from the management in this regard.

Annexure E
Extract of Annual Return as on the financial year ended 31st March, 2020

Form No. MGT-9

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i.	CIN	U67100MH2016PTC285378
ii.	Registration Date	31/08/2016
iii.	Name of the Company	Centrum Microcredit Limited
iv.	Category / Sub-Category of the Company	Company limited by shares
v.	Address of the Registered office & Corporate Office and Contact details	Level 9-Unit-801, Centrum House, C.S.T. Road, Vidyanagari Marg, Kalina, Santacruz East, Mumbai-400098.
		Corporate Office :Neel Kanth Corporate Park, Level 4 Office # 402, 4th Floor, Kirol Road, Vidyavihar (West),Mumbai 400086.
vi.	Whether listed Company	No
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	Link Intime India Private Limited,C-101, 247 Park L.B.S. Marg, Vikhroli (W) Mumbai 400083. Tel No: +91 22 49186000

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sr. No.	Name and Description of main products / Services	NIC Code of the Product/ service	% to total turnover of the Company
1	Microfinance	65999	**97.41%**

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr No	Name and Address of the Company	CIN	Holding/ Subsidiary / Associate	%	Applicable section
1	Centrum Capital Limited **Corporate Office**: Centrum House, CST Road, Vidyanagari Marg, Kalina, Santacruz (East), Mumbai-400098.	L65990MH1977PLC019986	Holding Company	100	2(46)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the end of the year				No. of Shares held at the end of the year				% Change during the year
	31-03-2019				31-03-2020				
	Demat	Physi-cal	Total	% of Total share capital	Demat	Physi-cal	Total	% of Total share capital	
A. Promoters									
(1) Indian									
(a)Individuals/ HUF	-	-	-	-	-	-	-	-	
(b) Central Govt	-	-	-	-	-	-	-	-	
(c) State Govt(s)	-	-	-	-	-	-	-	-	
(d) Bodies Corp.	**4,95,28,306**	-	**4,95,28,306**	**100**	**7,05,28,306**	-	**7,05,28,306**	**100**	**42.40**
(e) Banks / FI			-				-		
(f) Any Other.			-				-		
Sub Total (A)(1):-	**4,95,28,306**	-	**4,95,28,306**	**100**	**7,05,28,306**	-	**7,05,28,306**	**100**	**42.40**
(2) Foreign	-	-	-	-	-	-	-	-	
(a) NRI Individuals	-	-	-	-	-	-	-	-	
(b) Other Individuals	-	-	-	-	-	-	-	-	
(c) Bodies Corp.	-	-	-	-	-	-	-	-	
(d) Banks / FI	-	-	-	-	-	-	-	-	
(e) Any Other....	-	-	-	-	-	-	-	-	
Sub Total (A)(2):-	-	-	-	-	-	-	-	-	
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**4,95,28,306**	-	**4,95,28,306**	**100**	**7,05,28,306**	-	**7,05,28,306**	**100**	**42.40**
B. Public Shareholding	-	-	-	-	-	-	-	-	
(1) Institutions	-	-	-	-	-	-	-	-	
(a) Mutual Funds	-	-	-	-	-	-	-	-	
(b) Banks FI	-	-	-	-	-	-	-	-	
(c) Central Govt	-	-	-	-	-	-	-	-	
(d) State Govt(s)	-	-	-	-	-	-	-	-	
(e) Venture Capital Funds	-	-	-	-	-	-	-	-	
(f) Insurance Companies	-	-	-	-	-	-	-	-	
(g) FIIs	-	-	-	-	-	-	-	-	
(h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	
(i) Others (specify)	-	-	-	-	-	-	-	-	
* Financial Institutions	-	-	-	-	-	-	-	-	
* Government Companies	-	-	-	-	-	-	-	-	
* State Financial Corporation	-	-	-	-	-	-	-	-	
* Market Makers	-	-	-	-	-	-	-	-	
* Any Other	-	-	-	-	-	-	-	-	

* Otc Dealers (Bodies Corporate)	-	-	-	-	-	-	-	-	
* Private Sector Banks	-	-	-	-	-	-	-	-	
Sub-total (B)(1):-	-	-	-	-	-	-	-	-	
(2) Non-Institutions	-	-	-	-	-	-	-	-	
(a) Bodies Corp.	-	-	-	-	-	-	-	-	
(i) Indian	-	-	-	-	-	-	-	-	
(ii) Overseas	-	-	-	-	-	-	-	-	
(b) Individuals	-	-	-	-	-	-	-	-	
(i) Individual shareholders holding nominal share capital up to Rs. 1 lakh	-	-	-	-	-	-	-	-	
(ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	-	-	-	-	-	-	-	-	
(c) Others (specify)	-	-	-	-	-	-	-	-	
* N.R.I. (Non-Repat)	-	-	-	-	-	-	-	-	
* N.R.I. (Repat)	-	-	-	-	-	-	-	-	
* Trust	-	-	-	-	-	-	-	-	
* Hindu Undivided Family	-	-	-	-	-	-	-	-	
* Employee	-	-	-	-	-	-	-	-	
* Clearing Members	-	-	-	-	-	-	-	-	
* Depository Receipts	-	-	-	-	-	-	-	-	
Sub-total (B)(2):-	-	-	-	-	-	-	-	-	
Total Public Shareholding (B) = (B)(1)+(B)(2)	-	-	-	-	-	-	-	-	
C. Total shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	
Grand Total (A + B + C)	**4,95,28,306**	**-**	**4,95,28,306**	**100**	**7,05,28,306**	**-**	**7,05,28,306**	**100**	**42.40**

(ii) Shareholding of Promoters

Sr No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share-holding during the year
		01-04-2019			31-03-2020			
		No. of Shares	% of Total Shares of the Company	% of Shares Pledged / Encumbered to total shares	No. of Shares	% of Total Shares of the Company	% of Shares Pledged / Encumbered to total shares #	
1	Centrum Capital Limited	49,528,306	100	0	70,528,306	100	-	42.40

(iii) Change in Promoters' Shareholding

Sr. no	Shareholder's Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	Centrum Capital Limited	49,528,306	100	70,528,306	100

(iv) **Shareholding Pattern of Top 10 Shareholders (Other than Directors, Promoters and Holders of GDRS and ADRs):**

SR. No.	Shareholder's Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
NIL					

(v) **Shareholding of Directors and Key Managerial Personnel**

Sr. No.	Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
	NIL				

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

Particulars	Secured loans excluding deposits	Unsecured loans	Deposits	Total Indebtedness
	₹ in lakh	₹ in lakh	₹ in lakh	₹ in lakh
Indebtedness at the beginning of the financial year (as per IGAAP)				
i) Principal Amount	19,618.76	1,900.00	0	21,518.76
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	63.98	0.55	0	64.54
Total (i+ii+iii)	19,682.75	1,900.55	0	21,583.30
Indebtedness at the beginning of the financial year (as per Ind AS)				
i) Principal Amount	22,188.88	1,900.00	0	24,088.88
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	63.98	0.55	0	64.54
Total (i+ii+iii)	22,252.86	1,900.55	0	24,153.42

Change in indebtedness during the financial year				
Addition (net)	41,137.70	4,750.00	0	45,887.70
Reduction	23,620.87	2,850.00	0	26,470.87
Exchange difference	0	0	0	0
Net change	17,516.82	1,900.00	0	19,416.82
Indebtedness at the end of the financial year				
i) Principal Amount	39,705.70	3,800.00	0	43,505.70
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	305.28	5.38	0	310.67
Total (i+ii+iii)	40,010.99	3,805.38	0	43,816.37

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

₹ in lakh

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount
		ED & CEO	Manager	
	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	83.33*	55.00	138.33
	Stock Option (nos. in lakh)	10.00	3.00	13.00
	Sweat Equity			
	Commission- as % of profit - others, specify...	Nil	Nil	Nil
	Others, Performance Bonus	Nil	Nil	Nil
	Total (A)	**83.33**	**55.00**	**138.33**

**Joining date is 01/06/2019*

B Remuneration to other directors

₹ in lakh

Sl. No.	Particulars of Remuneration	Name of other Directors		Total Amount
		Suresh Krishna Kodihalli	Jayshree Venkatesan	
	Independent Directors · Fee for attending board committee meetings · Commission · Others, please specify	5.41	3.81	9.22
	Total (1)	5.41	3.81	9.22
			Rishad Byramjee	
	Other Non-Executive Directors · Fee for attending board committee meetings · Commission · Others, please specify		4.60	4.60
	Total (2)		4.60	4.60
	Total (B)=(1+2)		13.82	13.82
	Total Managerial Remuneration			
	Overall Ceiling as per the Act	11% of the Net Profit as per Section 197		

C. Remuneration to Key Managerial Personnel Other Than MD /Manager /WTD

(₹in lakh)

Sr. no.	Particulars of Remuneration	Key Managerial Personnel			
			CS*	CFO	Total
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961		-	18.00	18.00
2.	Stock Option (nos. in lakh)		-	0.75	0.75
3.	Sweat Equity		-	-	-
4.	Commission - as % of profit - others, specify...		-	-	-
5.	Others, please specify		-	2.00	2.00
6.	**Total**		-	20.00	20.00

**Remuneration is drawn from Group Company.*

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the companies Act	Brief description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority[RD /NCLT/Court]	Appeal made. If any(give details)
A. Company					
Penalty	N.A.	N.A.	N.A.	N.A.	N.A.
Punishment	N.A.	N.A.	N.A.	N.A.	N.A.
Compounding	N.A.	N.A.	N.A.	N.A.	N.A.
B. Directors					
Penalty	N.A.	N.A.	N.A.	N.A.	N.A.
Punishment	N.A.	N.A.	N.A.	N.A.	N.A.
Compounding	N.A.	N.A.	N.A.	N.A.	N.A.
C. Other Officers In Default					
Penalty	N.A.	N.A.	N.A.	N.A.	N.A.
Punishment	N.A.	N.A.	N.A.	N.A.	N.A.
Compounding	N.A.	N.A.	N.A.	N.A.	N.A.

BY ORDER OF THE BOARD
FOR CENTRUM MICROCREDIT LIMITED

Ranjan Ghosh	**Prashant Thakker**
Chairman	**Executive Director & CEO**
DIN: 07592235	**DIN: 07405451**

Place: Mumbai
Date: 11th May, 2020

Independent Auditor’s Report

To the Members of Centrum Microcredit Limited
Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the accompanying Ind AS financial statements of Centrum Microcredit Limited (”the Company”), which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the Ind AS financial statements including a summary of significant accounting policies and other explanatory information (hereinafter referred to as Ind AS financial statements”)

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013 (“the Act”) in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Indian Accounting Standards (“Ind AS”) prescribed under section 133 of the Act, of the state of affairs of the Company as at March 31, 2020, its profit (including 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 Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor’s Responsibilities for the Audit of the Ind AS Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (“ICAI”) together with the ethical requirements that are relevant to our audit of the Ind AS financial statements under the provisions of the Act and 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 Ind AS financial statements.

Emphasis of Matter

We draw attention to Note 45 to the Ind AS financial statements which describes the classification of accounts as on March 31, 2020 with respect to the accounts which were overdue but standard as on February 29, 2020 and to whom moratorium benefit has been granted. The staging of those accounts under Ind AS as on March 31, 2020 is based on the days past due status as on February 29, 2020 in accordance with the Reserve Bank of India COVID-19 regulatory package. Further, the extent to which the COVID-19 pandemic will impact the Company’s financial performance is dependent on future developments, which are highly uncertain and the management estimate on recoverability of all other assets. Our opinion is not modified in respect of this matter.

Our opinion is not modified in respect of this matter.

Other Information

The Company’s Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the Ind AS financial statements and our auditor’s report thereon.

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

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

If based on the work performed on the other information obtained prior to the date of this auditors' report, we conclude that there is misstatement of this other information, we are required to report that fact. Reporting under this section is not applicable as no other information is obtained at the date of this auditors' report.

Responsibilities of Management and those charged with governance for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance (including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including Ind AS prescribed under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Ind AS financial statements. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

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

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

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

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

Other Matter

The comparative financial information of the Company for the year ended March 31, 2019 and the transition date opening balance sheet as at April 01, 2018 included in these Ind AS financial statements, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by the predecessor auditor whose report for the year ended March 31, 2019 and March 31, 2018 dated April 26, 2019 and April 20, 2018 respectively expressed an unmodified opinion on those financial statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us.

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

(1) As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of section 143(11) of the Act, we give in "Annexure 1", 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 Ind AS financial statements comply with the Ind AS prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended;

e. On the basis of the written representations received from the directors as on March 31, 2020, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of section 164(2) of the Act;

f. With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure 2";

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

   In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid/ provided by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act;

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

   (i) The Company does not have any pending litigations which would impact its financial position;

   (ii) The Company did not have any long-term contracts including derivative contracts. Hence, the question of any material foreseeable losses does not arise;

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

For Haribhakti & Co. LLP
Chartered Accountants
ICAI Firm Registration Number: 103523W / W100048

Sumant Sakhardande
Partner
Membership Number: 034828
UDIN: 20034828AAAABU7726

Place: Mumbai
Date: May 11, 2020

Annexure 1 to the Independent Auditor's Report

[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section in the Independent Auditor's Report of even date to the members of Centrum Microcredit Limited on the Ind AS financial statements for the year ended March 31, 2020]

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

(i)

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

(b) The Company has a program of physical verification of fixed assets to cover all the items in a year. Pursuant to the program, fixed assets were physically verified by the management during the year for all the branches. However, physical verification of fixed assets located at corporate office could not be performed due to unexpected lockdown on account of COVID-19. The reconciliation of the physical verification report with the Fixed Assets Register will be done after the lockdown is lifted and physical verification of Fixed Assets at corporate office is performed.

(c) The Company does not hold any immovable property (in the nature of 'property, plant and equipment'). Accordingly, the provisions of Clause 3(i)(c) of the Order are not applicable.

(ii) The Company is a non-banking finance company, primarily engaged in the business of lending and does not hold any inventories. Accordingly, the provisions of Clause 3(ii) of the Order is not applicable.

(iii) The Company has granted Inter Corporate Deposits (ICD) to its fellow subsidiaries covered in the register maintained under section 189 of the Act.

(a) The terms and conditions of the aforesaid loans granted by the Company are not prejudicial to the interest of the Company.

(b) The schedule of repayment of principal and payment of interest in respect of such loans has been stipulated and the repayments or receipts of principal amounts and interest are regular.

(c) In respect of the aforesaid loans, there is no overdue amount in respect of loans granted to companies, firms, Limited Liability Partnerships, or other parties listed in the register maintained under section 189 of the Act.

(iv) The Company has not entered into any transactions covered under Sections 185 and 186 of the Act. Further, as the Company is a Non-Banking Finance Company engaged in the business of financing, the provision of Section 186 [except for subsection (1)] are not applicable to the Company. Accordingly, the provisions of clause 3(iv) of the Order are not applicable to the Company.

(v) In our opinion, the Company has not accepted any deposits from the public within the provisions of sections 73 to 76 of the Act and the rules framed there under. Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) The Central Government has not prescribed the maintenance of cost records for any of the products of the Company under sub-section (1) of section 148 of the Act and the rules framed there under.

(vii)

(a) The Company is regular in depositing with appropriate authorities, undisputed statutory dues including provident fund, employees' state insurance, income tax, goods and services tax (GST), customs duty, cess and any other material statutory dues applicable to it. During the year 2017-18, sales tax, value added tax, service tax and duty of excise subsumed in GST and are accordingly reported under GST.

No undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, GST, customs duty, cess and any other material statutory dues applicable to it, were outstanding, at the year end, for a period of more than six months from the date they became payable.

(b) There are no dues with respect to income tax, sales tax, service tax, value added tax, GST, customs duty, excise duty which have not been deposited on account of any dispute.

(viii) During the year, the Company has not defaulted in repayment of loans or borrowings to any financial institution or bank or any dues to debenture holders. The Company has not taken any loan or borrowing from government.

(ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments). In our opinion, the term loans were applied for the purposes for which the loans were obtained, though idle funds which were not required for immediate utilisation were temporarily invested in Mutual Funds but were ultimately utilised for the stated end use.

(x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud by the Company or any fraud on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such instance by the management except for instance of cash embezzlement by loan officers of the Company amounting to Rs. 2.15 Lacs out of which an amount of Rs. 1.65 Lacs has been recovered.

(xi) Managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

(xii) In our opinion, the Company is not a Nidhi Company. Therefore, clause 3(xii) of the Order is not applicable to the Company.

(xiii) All transactions entered into by the Company with the related parties are in compliance with sections 177 and 188 of Act, where applicable, and the details have been disclosed in the Ind AS financial statements as required by the applicable Indian accounting standards.

(xiv) The Company has made preferential allotment or private placement of shares and fully convertible debentures during the year and in our opinion, the requirement of section 42 of the Act have been complied with and the amount raised have been used for the purposes for which the funds were raised. During the year, the Company did not make preferential allotment of partly convertible debentures.

(xv) The Company has not entered into any non-cash transactions with directors or persons connected with them during the year and hence provisions of section 192 of the Act are not applicable.

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

For Haribhakti & Co. LLP
Chartered Accountants
ICAI Firm Registration Number: 103523W / W100048

Sumant Sakhardande
Partner
Membership Number: 034828
UDIN: 20034828AAAABU7726

Place: Mumbai
Date: May 11, 2020

Annexure 2 to the Independent Auditor's Report

[Referred to in paragraph 2(i) under 'Report on Other Legal and Regulatory Requirements' section in our Independent Auditor's Report of even date to the members of Centrum Microcredit limited on the Ind AS financial statements for the year ended March 31, 2020]

Report on the Internal Financial Controls with reference to Financial Statements under clause (i) of sub-section 3 of section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to financial statements of Centrum Microcredit Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control 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 (the "Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the 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 specified under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness.

Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal controls 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 control 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 control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to 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.

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2020, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal controls stated in the Guidance Note issued by the ICAI.

For Haribhakti & Co. LLP
Chartered Accountants
ICAI Firm Registration Number: 103523W / W100048

Sumant Sakhardande
Partner
Membership Number: 034828
UDIN: 20034828AAAABU7726

Place: Mumbai
Date: May 11, 2020

Balance Sheet as at 31st March, 2020

Particulars	Note No.	As at 31st March, 2020 ₹ in lakh	As at 31st March, 2019 ₹ in lakh	As at 01st April, 2018 ₹ in lakh
ASSETS				
Financial assets				
Cash and cash equivalents	2	1,844.03	4,589.12	505.79
Bank balances other than cash and cash equivalents above	3	2,249.77	1,033.31	107.28
Receivables	4			
(I) Trade receivables		14.97	4.46	-
(II) Other receivables		-	-	-
Loans	5	44,319.58	21,644.54	11,657.30
Other financial assets	6	660.64	73.71	32.18
TOTAL		**49,088.98**	**27,345.14**	**12,302.55**
Non-financial assets				
Current tax assets (net)	7	108.68	1.18	1.18
Property, plant and equipment	8A	147.27	77.11	23.38
Right of Use - Premises	8B	19.89	53.28	91.75
Goodwill	8C	2,501.35	1,578.60	1,578.60
Other Intangible assets	8D	11.76	-	-
Other non-financial assets	9	64.77	102.35	73.12
TOTAL		**2,853.72**	**1,812.52**	**1,768.03**
TOTAL ASSETS		**51,942.70**	**29,157.66**	**14,070.58**
LIABILITIES AND EQUITY				
LIABILITIES				
Financial liabilities				
Payables				
(I) Trade payables				
(i) total outstanding dues of micro enterprises and small enterprises		-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	10	103.03	99.25	115.43
(II) Other Payables				
(i) total outstanding dues of micro enterprises and small enterprises		-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		-	-	-
Debt securities	11	13,091.22	6,905.65	603.99
Borrowings (other than debt securities)	12	29,719.77	17,247.77	9,988.90
Subordinated liabilities	13	1,005.38	-	-
Other financial liabilities	14	420.55	56.19	97.56
TOTAL		**44,339.95**	**24,308.86**	**10,805.88**
Non-financial Liabilities				
Current tax liabilities (net)	15	-	51.25	-
Provisions	16	33.71	20.16	9.13
Deferred tax liabilities (net)	30.2	140.83	48.38	26.73
Other non-financial liabilities	17	97.99	55.49	29.06
TOTAL		**272.53**	**175.28**	**64.92**
EQUITY				
Equity share capital	18	7,052.83	4,952.83	3,463.31
Other equity	19	277.39	(279.31)	(263.53)
TOTAL		**7,330.22**	**4,673.52**	**3,199.78**
TOTAL LIABILITIES AND EQUITY		**51,942.70**	**29,157.66**	**14,070.58**
Statement of significant accounting policies and other explanatory notes	1			

As per our report of even date

For Haribhakti & Co. LLP
Chartered Accountants
ICAI Firm Registration No.103523W/W100048

For and on behalf of Board of Directors of
Centrum Microcredit Limited

Sumant Sakhardande
Partner
Membership No 034828

Ranjan Ghosh
Chairman
DIN 07592235

Prashant Thakker
Executive Director & CEO
DIN 07405451

Hiren Vasa
Chief Financial Officer

Bhumika Jani
Company Secretary

Mumbai
11th May, 2020

Mumbai
11th May, 2020

Mumbai
11th May, 2020

Statement of Profit and Loss for the year ended 31st March, 2020

Particulars	Note No.	FY2020 ₹ in lakh	FY2019 ₹ in lakh
Revenue from operations			
Interest income	20	8,149.92	4,053.48
Fees and commission income	21	44.80	11.31
Net gain on fair value changes	22	86.70	19.38
Net gain on derecognition of financial instruments under amortised cost category	23	305.00	-
Other operating revenue	24	2.49	8.94
Total revenue from operations		**8,588.91**	**4,093.11**
Other income	25	228.49	33.32
Total income		**8,817.40**	**4,126.43**
Expenses			
Finance costs	26	4,800.96	2,213.19
Impairment on financial instruments	27	149.12	91.55
Employee benefits expenses	28	2,143.94	1,180.26
Depreciation, amortisation and impairment	8	115.40	76.39
Other expenses	29	974.14	519.98
Total expenses		**8,183.56**	**4,081.37**
Profit/(loss) before tax		**633.84**	**45.06**
Tax expense:			
- Current tax	30	-	60.77
- Deferred tax	30	94.15	21.19
Total tax expense		**94.15**	**81.96**
Net Profit/ (loss) for the year		**539.69**	**(36.90)**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
- Remeasurements of post-employment benefit obligations	19	(0.31)	1.65
- Income tax relating to these items	19	0.08	(0.46)
Items that will be reclassified to profit or loss		-	-
Other comprehensive income/ (loss) for the year		**(0.23)**	**1.19**
Total comprehensive income/ (loss) for the year		**539.46**	**(35.71)**
Earnings per equity share	31		
Face value of ₹10 per share			
- Basic (₹)		0.92	(0.09)
- Diluted (₹)		0.92	(0.09)

Statement of significant accounting policies and other explanatory notes 1

As per our report of even date
For Haribhakti & Co. LLP
Chartered Accountants
ICAI Firm Registration No.103523W/W100048

For and on behalf of Board of Directors of
Centrum Microcredit Limited

Sumant Sakhardande
Partner
Membership No 034828

Ranjan Ghosh
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DIN 07592235

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Executive Director & CEO
DIN 07405451

Hiren Vasa
Chief Financial Officer

Bhumika Jani
Company Secretary

Mumbai
11th May, 2020

Mumbai
11th May, 2020

Mumbai
11th May, 2020

Statement of changes in equity for the year ended 31st March, 2020

A. Equity share capital

Particulars	Number of shares (in lakh)	₹ in lakh
Balance as at 01st April, 2018	**346.33**	**3,463.31**
Changes in equity share capital during the year	148.95	1,489.52
As at 31st March, 2019	**495.28**	**4,952.83**
Changes in equity share capital during the year	210.00	2,100.00
As at 31st March, 2020	**705.28**	**7,052.83**

B. Other equity

₹ in lakh

Particulars	Reserves and surplus			Employees' stock options outstanding	Impairment Reserve	Other comprehensive income	Total
	Statutory reserve	Capital contribution	Retained earnings				
Balance as at 01st April, 2018	**-**	**-**	**(263.53)**	**-**	**-**	**-**	**(263.53)**
Profit/(loss) for the year	-	-	(36.90)	-	-	-	(36.90)
Other comprehensive income for the year (net of tax)	-	-	-	-	-	1.19	1.19
Transferred to / from	14.54	19.93	(14.54)	-	-	-	19.93
Balance as at 31st March, 2019	**14.54**	**19.93**	**(314.97)**	**-**	**-**	**1.19**	**(279.31)**
Balance as at 01st April, 2019	**14.54**	**19.93**	**(314.97)**	**-**	**-**	**1.19**	**(279.31)**
Profit/(loss) for the year	-	-	539.69	-	-	-	539.69
Other comprehensive income for the year (net of tax)	-	-	-	-	-	(0.23)	(0.23)
Transferred to / from	107.94	10.51	(196.95)	6.73	89.01	-	17.24
Balance as at 31st March, 2020	**122.48**	**30.44**	**27.77**	**6.73**	**89.01**	**0.96**	**277.39**

Statement of significant accounting policies and other explanatory notes 1

As per our report of even date
For Haribhakti & Co. LLP
Chartered Accountants
ICAI Firm Registration No.103523W/W100048

Sumant Sakhardande
Partner
Membership No 034828
Mumbai
11th May, 2020

For and on behalf of Board of Directors of
Centrum Microcredit Limited

Ranjan Ghosh
Chairman
DIN 07592235

Prashant Thakker
Executive Director & CEO
DIN 07405451

Hiren Vasa
Chief Financial Officer

Bhumika Jani
Company Secretary

Mumbai
11th May, 2020

Mumbai
11th May, 2020

Cash flow statement for the year ended 31st March, 2020

Particulars	FY2020	FY2019
	₹ in lakh	₹ in lakh
Cash flow from operating activities		
Profit before tax	633.84	45.06
Adjustments for :		
Depreciation and amortisation	115.40	76.39
Gain on direct assignment *	(356.56)	-
Impairment on financial instruments	149.12	87.58
Bad debts written-off	-	3.97
Share based payments to employees	6.73	-
Net gain on financial instruments at fair value through profit & loss	(86.70)	(19.38)
Stamp duty expenses incurred on increase in authorised share capital	28.50	19.00
Operating profit before working capital changes	**490.33**	**212.62**
Changes in working capital :		
Increase/(decrease) in trade payables	2.87	(16.17)
Increase/(decrease) in other financial liabilities	400.83	1.16
Increase/(decrease) in provisions	13.24	12.67
Increase/(decrease) in other non-financial liabilities	42.50	26.43
(Increase)/decrease in fixed deposits(net)	(1,217.73)	(926.38)
(Increase)/decrease in loans(net)	(13,655.70)	(10,075.89)
(Increase)/decrease in trade receivables	(10.51)	(4.46)
(Increase)/decrease in other financial assets	(599.98)	(41.65)
(Increase)/decrease in other non-financial assets	37.59	(29.24)
Cash used in operating activities before tax	(14,496.55)	(10,840.91)
Income taxes paid (net)	(158.75)	(9.52)
Net cash (used in) operating activities (A)	**(14,655.30)**	**(10,850.43)**
Cash flows from investing activities		
Income from sale of investments	86.70	19.38
Purchase consideration paid on business combination	(1,877.18)	-
Purchase of property, plant and equipment and intangible assets	(125.63)	(88.01)
Net cash flows (used in) investing activities (B)	**(1,916.11)**	**(68.63)**
Cash flows from financing activities		
Proceeds from issuance of equity share capital	750.00	1,489.52
Stamp duty expenses incurred on increase in authorised share capital	(28.50)	(19.00)
Payment of lease liabilities	(53.25)	(46.00)
Proceeds from borrowings(other than debt securities), debt securities and subordinated liabilities	43,612.84	36,185.26
Repayment of borrowings(other than debt securities), debt securities and subordinated liabilities	(31,735.98)	(22,604.81)
Net cash flows generated from financing activities (C)	**12,545.11**	**15,004.97**
Net increase/ (decrease) in cash and cash equivalents during the year (A + B + C)	**(4,026.30)**	**4,085.91**
Cash and cash equivalents at the beginning of the year	4,591.69	505.79
Cash and cash equivalents at the end of the year (refer note I)	565.39	4,591.69

Notes:

(I) Components of cash and cash equivalents

₹ in lakh

Particulars	FY2020	FY2019
Cash and bank balances (refer note 2)	1,844.03	4,589.12
Add : Impairment loss allowance (refer note 2)	-	2.57
Less : Bank overdraft (refer note 12)	(1,278.64)	-
Total	**565.39**	**4,591.69**

(II) Non-cash investing activity **₹ in lakh**

Particulars	FY2020	FY2019
Impact of fair valuation on net assets acquired through business combination	6.44	-
Acquisition of right of use assets (refer note 8)	17.22	3.64
Total	**23.66**	**3.64**

(III) Net cash provided by / (used in) operating activities includes: **₹ in lakh**

Particulars	FY2020	FY2019
Interest received	7,685.71	3,898.51
Interest paid	(4,527.15)	(2,167.81)

* The gain on direct assignment is gross of expenses incurred in relation to the direct assignment transaction of ₹ 37.31 lakh and includes interest accrual classified under "Interest income on portfolio loans" of ₹ 14.25 lakh.

The above Statement of Cashflows has been prepared under the indirect method as set out in Ind AS 7 Statement of Cashflows.

Statement of significant accounting policies and other explanatory notes (Note 1)

As per our report of even date
For Haribhakti & Co. LLP
Chartered Accountants
ICAI Firm Registration No.103523W/W100048

For and on behalf of Board of Directors of
Centrum Microcredit Limited

Sumant Sakhardande
Partner
Membership No 034828

Ranjan Ghosh
Chairman
DIN 07592235

Prashant Thakker
Executive Director & CEO
DIN 07405451

Hiren Vasa
Chief Financial Officer

Bhumika Jani
Company Secretary

Mumbai
11th May, 2020

Mumbai
11th May, 2020

Mumbai
11th May, 2020

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31ST MARCH, 2020

Company Overview

Centrum Microcredit Limited (formerly known as Centrum Microcredit Private Limited) ('the Company') was incorporated on 31st August, 2016 under the provisions of the Companies Act, 2013. The Company obtained registration with the Reserve Bank of India ('RBI') on 9th October, 2017 as a non-deposit taking Non-Banking Finance Company ('NBFC-ND') and has got classified as a Non-Banking Financial Company – Micro Finance Institution ('NBFC-MFI') with effect from 9th October, 2017.

The Company is engaged primarily in providing microfinance services to the economically weaker women in rural areas of India who are enrolled as members and organized as Joint Liability Groups ('JLG'), where each member of the group guarantees the loan repayment of the other members of the group. The Company had its focused operations spread across 130 branches in the 9 States of Maharashtra, Gujarat, Odisha, Bihar, Chhattisgarh, Haryana, Jharkhand, Rajasthan and West Bengal as at 31st March, 2020.

The Company had changed its name from Centrum Microcredit Private Limited to Centrum Microcredit Limited w.e.f. 22nd November, 2018. The Company's registration number under RBI is N-13.02206 and under MCA is U67100MH2016PLC285378.

Significant accounting policies

a. Statement of compliance with Indian Accounting Standards (Ind AS)

The financial statements of the Company have been prepared in accordance with the provisions of the Companies Act, 2013

and the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) issued by the Ministry of Corporate Affairs in exercise of the powers conferred by Section 133 read with sub-section (1) of Section 210A of the Companies Act, 2013. In addition, the guidance notes/announcements issued by the Institute of Chartered Accountants of India (ICAI) are also applied along with compliance with other statutory promulgations that require a different treatment. Any application guidance/clarifications/ directions issued by the RBI or other regulators are implemented as and when they are issued/ applicable.

The financial statements for the year ended 31st March, 2020 of the Company are the first financial statements prepared in compliance with Ind AS. The date of transition to Ind AS is 1st April, 2018.

The financial statements upto the year ended 31st March, 2019, were prepared in accordance with the accounting standards notified under the Companies (Accounts) Rules, 2014 (Indian GAAP or previous GAAP) and other relevant provisions of the Act. The figures for the year ended 31st March, 2019 have now been restated under Ind AS to provide comparability. Refer note 44 for the details of first-time adoption exemptions availed by the Company.

b. Basis of preparation

The financial statements have been prepared on the historical cost basis except for certain financial instruments which have been measured at fair value, assets held for sale measured at fair value less cost to sell, net defined benefit liability/assets and share based payments.

Fair value measurements under Ind AS are categorized 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 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the reporting date;
- Level 2 inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly and
- Level 3 inputs are unobservable inputs for the valuation of assets or liabilities.

c. Presentation of financial statements

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in the Division III to Schedule III to the Companies Act, 2013 (“the Act”) applicable for Non- Banking Finance Companies (“NBFC”) that are required to comply with Ind AS. The statement of cash flows has been prepared and presented as per the requirements of Ind AS 7 “Statement of Cash Flows”. The disclosure requirements with respect to items in the balance sheet and statement of profit and loss as prescribed in the Schedule III to the Act are presented by way of notes forming part of the financial statements along with the other notes required to be disclosed under the notified Ind AS.

Amounts in the financial statements are presented in Indian Rupees in lakh with two decimals as permitted by Division III to Schedule III to the Companies Act, 2013. Per share data are presented in Indian Rupees to two decimal places.

d. Business combination

The Company applies the acquisition method in accounting for business combinations. The consideration transferred by the Company for a business combination is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities assumed and the equity interests issued by the Company. Acquisition costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their acquisition-date fair values. Goodwill is measured as excess of the aggregate of the fair value of the consideration transferred, the amount recognised for non-controlling interests and fair value of any previous interest held, over the fair value of the net of identifiable assets acquired and liabilities assumed. If the fair value of the net of identifiable assets acquired and liabilities assumed is in excess of the aggregate mentioned above, the resulting gain on bargain purchase is recognised in other comprehensive income (OCI) and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve without routing the same through other comprehensive income.

Transition to Ind AS

The Company elected to apply Ind AS 103 – Business Combinations prospectively to business combinations occurring after its transition date. Business combinations occurring prior to the transition date have not been restated.

e. Property, plant and equipment (PPE) and depreciation

On transition to Ind AS, the Company has elected to continue with the carrying value of all its property, plant and equipment recognised as at 1st April, 2018 measured as per the previous GAAP, and use that carrying value as the deemed cost of the property, plant and equipment.

PPE are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of PPE which take substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use. Gains or losses arising from derecognition of PPE are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in the statement of profit and loss when the asset is derecognised.

f. Capital work-in-progress

Capital work-in-progress are carried at cost, comprising direct cost and related incidental expenses to acquire the property, plant and equipment. Assets which are not ready for intended use are also shown under capital work-in-progress.

Depreciation on tangible assets is provided on straight line method over the useful lives of the assets as prescribed in Schedule II of the Act. The residual values, useful lives and method of depreciation of tangible assets are reviewed at each financial year end and adjusted prospectively.

Particulars	Estimated useful life specified under Schedule II of the Companies Act, 2013
Office equipments	5 years
Computer and accessories	3 years
Servers and networking	6 years
Furniture and fittings	10 years
Vehicles	8 years

Assets individually costing ₹ 5,000 or less are fully depreciated/amortized in the year of purchase.

g. Intangible assets

On transition to Ind AS, the Company has elected to continue with the carrying value of all its intangible assets recognised as at 1st April, 2018 measured as per the previous GAAP and use that carrying value as the deemed cost of the intangible assets.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of an intangible asset comprises its purchase price and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful life of intangible assets is assessed to be either finite or indefinite. Intangible assets with finite life are amortised over the useful economic life. Amortisation is calculated using the straight-line method to write down the cost of intangible assets to their residual values over the estimated useful lives. Intangible assets comprising of software are amortised on a straight-line basis over a period of three years unless it has a shorter useful life. The Company's intangible assets consist of software with definite useful life. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognised.

h. Intangible assets under development

It includes assets not ready for the intended use and are carried at cost, comprising direct cost and related incidental expenses.

i. Impairment of non-financial assets

As at the end of each accounting year, the Company reviews the carrying amounts of its PPE, investment property and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If such indication exists, the PPE, investment property and intangible assets are tested for impairment so as to determine the impairment loss, if any. Goodwill and intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, such deficit is recognized immediately in the statement of profit and loss as impairment loss and the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. For this purpose, the impairment loss recognized in respect of a cash generating unit is allocated first to reduce the carrying amount of any goodwill allocated to such cash generating unit and then to reduce the carrying amount of the other assets of the cash generating unit on a pro-rata basis.

j. Revenue recognition

Revenue is recognised when the Company satisfies a performance obligation by transferring the promised goods or services to a customer. When a performance obligation is satisfied, the Company recognises as revenue the amount of the transaction price that is allocated to that performance obligation.

Interest and processing fee income on loans

Interest income is recognised in the statement of profit and loss using the effective interest rate (EIR) method for all financial instruments measured at amortised cost. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument.

The calculation of the EIR includes all transaction costs and fees that are incremental and directly attributable to the acquisition of a financial instrument.

The interest income is calculated by applying the EIR to the gross carrying amount of non-credit impaired financial assets (i.e. to the amortized cost of the financial asset before adjusting for any expected credit loss allowance). For credit-impaired financial assets, the interest income is calculated by applying the EIR to the amortized cost of the credit-impaired financial assets (i.e. the gross carrying amount less the allowance for expected credit losses (ECLs)). The Company assesses the collectability of the interest on credit impaired assets at each reporting date. Based on the outcome of such assessment, the Interest income accrued on credit impaired financial assets are either accounted for as income or written-off.

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

Income from assignment transactions

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

Dividend income

Dividend income is recognized when the Company's right to receive dividend is established by the reporting date.

Fees and Commission income

Commission income on sale of insurance is recognized on a quarterly basis as per the agreed terms of the contract. Income from business correspondent services is recognised as and when the services are rendered as per agreed terms of the contract.

Other operational revenue

Other operational revenue represents income earned from the activities incidental to the business and is recognized when the right to receive the income is established as per the terms of the contract.

Marketing Income

Marketing income is recognised as and when the services are rendered as per the terms of the contract.

Other Income and Expenses

Other income and expenses are recognised in the period they occur.

k. Leases

The Company as a lessee

The Company assesses whether a contract contains a lease at the inception of a contract. A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (1) the contract involves the use of an identified asset (2) the Company has substantially all of the economic benefits from the use of the asset through the period of the lease and (3) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of the leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option. Lease liabilities are remeasured at fair value at the balance sheet date with the corresponding impact considered in the statement of profit and loss as interest charge/ income.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

The Company as a lessor

Leases for which the Company is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

For operating leases, rental income is recognized on a straight-line basis over the term of the relevant lease.

Transition

Effective April 1, 2018, the Company adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on April 1, 2018 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the lessee's incremental borrowing rate at the date of initial application. Refer note 40 for the details of impact on transition.

The following is the summary of practical expedients elected on initial application:

1. Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date
2. Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application
3. Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application
4. Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

I. Financial instruments

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

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. Regular way purchase and sale of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset.

At initial recognition, the Company measures a financial asset or financial liability at its fair value plus or minus the transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability (other than financial asset or financial liability carried at fair value through profit or loss). Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in the statement of profit and loss.

Financial assets

Classification and subsequent measurement

Financial assets are classified into three categories:

- fair value through profit or loss (FVTPL);
- fair value through other comprehensive income (FVOCI); or
- amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms including contractual cash flows.

For debt instruments, classification will depend on the business model in which the debt is held.

For equity instruments, classification will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The classification requirements of financial assets are described below:

Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective.

Business model: The business model reflects how the Company manages the assets in order to generate cash flows. That is, whether the Company's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows from the sale of asset. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVTPL. Factors considered by the Company in determining the business model for the Company of assets include past experience on how the cash flows for these assets were collected, how risks are assessed and managed. Securities held for trading are held principally for the purpose of selling in the near term or are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. These securities are classified in the 'other' business model and measured at FVTPL. The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account.

SPPI: Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Company assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement.

Based on these factors, the Company classifies its debt instruments into one of the following three measurement categories:

Amortised cost: Financial assets that are held for collection of contractual cash flows where business model of those cash flows represents solely payment of principal and interest ('SPPI'), and that are not designated at FVTPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured as described in note 35. Interest income from these financial assets are recognised using the effective interest rate method.

Fair value through other comprehensive income (FVOCI): Financial assets are measured at FVOCI when the instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial assets meet the SPPI test.

FVOCI financial assets are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in other comprehensive income (OCI). Interest income and foreign exchange gains and losses are recognised in the statement of profit and loss in the same manner as for financial assets measured at amortised cost. On derecognition, cumulative gains or losses previously recognised in OCI are reclassified to statement of profit and loss.

Fair value through profit or loss (FVTPL): Financial assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. Financial assets designated at FVTPL are carried in the balance sheet at fair value with net changes in fair value presented as other gains/ losses in the statement of profit and loss. Interest income on financial assets classified as FVTPL is recognised separately as interest income.

Equity instruments

Equity instrument is a contract that evidences the residual interest in the assets of the Company after deducting all its liabilities. The Company subsequently measures all equity investments, other than investments in subsidiaries, associates and joint ventures, under the scope of Ind AS 109 at fair value. Changes in the fair value of these instruments are recognized in the statement of profit and loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTPL are not reported separately from other changes in fair value.

Investments in subsidiaries, associates and joint ventures

The Company has elected to measure investments in subsidiaries, associates and joint ventures at cost as per Ind AS 27 – Separate Financial Statements, accordingly, the measurement at fair value through the statement of profit and loss and related disclosures under Ind AS 109 do not apply.

Impairment of financial assets

The Company assesses on a forward-looking basis the expected credit losses (ECLs) associated with its debt instruments carried at amortised cost and FVOCI, loans and advances, deposits, trade and other receivables and on exposure arising from loan commitments. The Company recognizes a loss allowance for such losses at each reporting date.

The measurement of ECL reflects:

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

- The time value of money;
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The method and significant judgments used while computing the expected credit losses and information about the exposure at default, probability of default and loss given default have been set out in note 35.

Write-off policy

The Company writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery.

For retail clients, the Company writes off financial assets prudently, basis the duration of delinquency.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

The rights to receive cash flows from the asset have expired, or the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under an arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes an associated liability, the transferred asset and the associated liability are measured on the basis that reflects the rights and obligations that the Company has retained.

Financial liabilities

Classification and subsequent measurement

Financial liabilities are classified at amortised cost, except for financial liabilities at fair value through profit or loss. This classification is applied to derivatives and financial liabilities held for trading and other financial liabilities designated as such at initial recognition.

Gains or losses on financial liabilities designated at fair value through profit or loss are presented partially in other comprehensive income (the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability, which is determined as the amount that is not attributable to changes in market conditions that give rise to market risk) and partially in the statement of profit and loss (the remaining amount of change in the fair value of the liability).

Derecognition of financial liabilities

Financial liabilities are derecognised when they are extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expired.

Reclassification of financial instrument

The Company reclassifies debt instruments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent.

After initial recognition, equity instruments and financial liabilities are not reclassified.

Offsetting of financial instruments

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

m. Fair value measurement

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

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

a) In the principal market for the asset or liability, or

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

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

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

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

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

All assets and liabilities (for which fair value is measured or disclosed in the financial statements) are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The management determines the policies and procedures for both recurring fair value measurement, such as derivative instruments and unquoted financial assets measured at fair value, and for non-recurring measurement, such as assets held for disposal in discontinued operations.

At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Company's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

n. Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, short-term deposits and highly liquid investments with an original maturity of three months or less, which are readily convertible in cash and subject to insignificant risk of change in value. Bank overdrafts are shown within borrowings (other than debt securities) in the balance sheet.

o. Borrowing Costs

Borrowing costs include interest expense calculated using the effective interest rate method. Borrowing costs net of any investment income from the temporary investment of related borrowings that are attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of cost of such asset till such time the asset is ready for its intended use or sale. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use or sale. All other borrowing costs are recognized in the statement of profit and loss in the period in which they are incurred.

p. Foreign exchange transactions and translations

Initial recognition

Transactions in foreign currencies are recognized at the prevailing exchange rates between the reporting currency and a foreign currency on the transaction date.

Conversion

Transactions in foreign currencies are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in the statement of profit and loss.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit and loss on a net basis.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Thus, translation differences on non-monetary assets and liabilities such as equity instruments held at fair value through profit or loss are recognized in the statement of profit and loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equity investments classified as FVOCI are recognized in other comprehensive income.

Non-monetary items that are measured at historical cost in foreign currency are not retranslated at reporting date.

q. Retirement and other employee benefits

Defined Contribution Plan

Retirement benefits in the form of Provident Fund are a defined contribution scheme and the contributions are charged to the statement of profit and loss of the year when the contribution to the fund is due. There are no other obligations other than the contribution payable to the fund.

Defined Benefit Plan

Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation carried out by an independent actuary using Projected Unit Credit Method made at the end of the financial year. The Company makes contribution to a scheme administered by an Insurance Company approved by the Insurance Regulatory and Development Authority of India (IRDAI) to discharge the gratuity liability to the employees. The Company records its gratuity liability based on an actuarial valuation made by an independent actuary as at the year end. Provisions made for the funded amount are expensed in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized directly in the other comprehensive income in the period in which they occur. They are included in retained earnings in the statement of changes in equity and in the balance sheet. Remeasurements are not reclassified to the statement of profit and loss in the subsequent periods.

Long term compensated absences

The Company's liabilities towards compensated absences to employees are accrued on the basis of valuations as at the balance sheet date, carried out by an independent actuary using Projected Unit Credit Method. Actuarial gains and losses comprise experience adjustments and the effects of changes in actuarial assumptions and are recognized immediately in the statement of profit and loss. The Company presents the provision for compensated absences under provisions in the balance sheet.

r. Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income computed in accordance with the Income Tax Act, 1961 adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses and unabsorbed brought forward depreciation.

Current tax

The current income tax charge is calculated based on the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate based on amounts expected to be paid to the tax authorities.

Current tax assets and 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.

Deferred tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the Balance Sheet and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets 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 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. Deferred tax relating to items recognised outside the statement of profit and loss is recognised outside the statement of profit and loss (either in other comprehensive income or in equity).

Minimum alternate tax (MAT)

Minimum alternate tax (MAT) paid in a year is charged to the statement of pro□t and loss as current tax. MAT is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognised as an asset, the said asset is created by way of credit to the statement of profit and loss and included in deferred tax assets. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT entitlement to the extent there is no longer convincing evidence to the effect that the Company will pay normal income tax during the specified period.

Goods and services tax paid on acquisition of assets / incurring of expenses

Expenses and assets are recognized net of goods and services tax paid, except:

(i) When the tax incurred on purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognized as a part of the cost of acquisition of the asset or as a part of the expense item, as applicable;

(ii) When receivables and payables are stated with the amount of tax included.

The net amount of tax recoverable from, or payable to, the taxation authority is included as a part of other non-financial assets and other non-financial liabilities in the balance sheet.

s. Provisions, contingent liabilities and contingent assets

A provision is recognised when an enterprise has a present obligation as a result of past event, it is probable that an outflow of resources will be required to settle the obligation and in respect of which a reliable estimate can be made. Provisions are determined by discounting the expected future cash flows at a pretax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

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

Contingent assets are neither recognized nor disclosed in the Financial Statements.

t. Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

Significant accounting judgments, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities, the accompanying disclosures including the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances existing when the financial statements were prepared. The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates is recognised in the year in which the estimates are revised and in any future year affected.

Judgments

In the process of applying the Company's accounting policies, management has made the following judgments, estimates and assumptions, which have significant effect on the amounts recognised in the financial statements:

- ***Fair value measurement of financial instruments***

  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. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using appropriate valuation techniques. The inputs for these valuations are taken from observable sources where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of various inputs including liquidity risk, credit risk, volatility etc. Changes in assumptions/ judgments about these factors could affect the reported fair value of financial instruments. For further details about determination of fair value refer note 39.

- ***Impairment of financial assets using the expected credit loss method***

  The impairment provisions for financial assets are based on assumptions about risk of default, expected loss rates and loss given defaults. The Company uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's history, existing market conditions as well as forward looking estimates at the end of each reporting period. The Company follows a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

  - Stage 1 (0-30 days DPD) includes loan assets that have not had a significant increase in credit risk since initial recognition or that have low credit risk at the reporting date.
  - Stage 2 (31-60 days DPD) includes loan assets that have had a significant increase in credit risk since initial recognition but that do not have objective evidence of impairment.
  - Stage 3 (more than 90 days DPD) includes loan assets that have objective evidence of impairment at the reporting date.

  The Expected Credit Loss (ECL) is measured at 12-month ECL for Stage 1 loan assets and at Lifetime ECL for Stage 2 and Stage 3 loan assets.

  ECL is the product of the Probability of Default, Exposure at Default and Loss Given Default, defined as follows:

Probability of Default (PD)

The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months (12-month PD), or over the remaining lifetime (Lifetime PD) of the obligation.

Loss Given Default (LGD)

LGD represents the Company's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and preference of claim and availability of collateral or other credit support.

Exposure at Default (EAD)

EAD is based on the amounts the Company expects to be owed at the time of default. Forward-looking economic information (including management overlay) is included in determining the 12-month and lifetime PD, EAD and LGD. The assumptions underlying the expected credit loss are monitored and reviewed on an ongoing basis. In respect of trade receivables, the Company applies the simplified approach of Ind AS 109 – Financial Instruments, which requires measurement of loss allowance at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of trade receivables. For further details about assumptions used in calculating the expected credit losses and the sensitivity of assumptions refer note 35.

- ***Business model assessment***

  Classification and measurement of financial assets depends on the results of the solely for payment of principal and interest (SPPI) test and the business model test The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgment used by the Company in determining the business model including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed. The Company monitors financial assets 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.

- ***Income taxes***

  Significant judgments are involved in estimating budgeted profits for the purpose of paying advance tax, determining the provision for income taxes, including amount expected to be paid/ recovered for uncertain tax positions. For further details refer note 30.

- ***Provisions and contingencies***

  Provisions and contingencies are recognized when they become probable and when there will be a future outflow of funds resulting from past operations or events and the outflow of resources can be reliably estimated. The timing of recognition and quantification of the provision and liability requires the application of judgment to the existing facts and circumstances, which are subject to change.

Assumptions and estimates

The key assumptions concerning the future and other key sources of estimating uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when financial statements are prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

- ***Retirement and other employee benefits***

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

  Future salary increases are based on expected future inflation rates. The attrition rate represents the Company's expected experience of employee turnover. The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at interval in response to demographic changes. Discount rate is based upon the market yields available on Government bonds at the reporting date with a term that matches with that of the liabilities.

  Further details about gratuity and long-term employee benefits obligations are provided in note 32.

- ***Share based payments***

  The Company has formulated a CML Employee Incentive Plan. The fair value of the options granted under the Plan is recognised as an employee benefits expense with a corresponding increase in other equity. The total amount to be expensed is determined by reference to the fair value of the options. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in the statement of profit and loss, with a corresponding adjustment to equity. For a detailed disclosure refer note 34.

- ***Effective interest rate***

  The effective interest rate is the rate that discounts the estimated future cash receipts or payments through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortised cost before any impairment allowance) or to the amortised cost of a financial liability. This estimation, by nature, requires an element of judgment regarding the expected behavior and life cycle of the instruments and other fee income/ expense that are integral parts of the instrument.

Recent Indian Accounting Standards (Ind AS)

The Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020.

2 Cash and cash equivalents

Particulars	As at 31st March, 2020	As at 31st March, 2019	As at 01st April, 2018
	₹ in lakh	₹ in lakh	₹ in lakh
Cash on hand	14.45	3.72	7.15
Balances with banks:			
- In current accounts	1,829.58	3,087.34	498.64
- In deposit accounts(including interest accrued thereon) having original maturity less than three months	-	1,500.63	-
Less: Impairment loss allowance	-	(2.57)	-
TOTAL	**1,844.03**	**4,589.12**	**505.79**

Balances with banks/financial institutions earn interest at fixed rates. As on 31 March 2019, short term deposits were made for varying periods ranging from one day to three months, depending on the immediate cash requirements of the Company and earned interest at the respective short-term deposit rates.

3 Bank balances other than cash and cash equivalents above

Particulars	As at 31st March, 2020	As at 31st March, 2019	As at 01st April, 2018
	₹ in lakh	₹ in lakh	₹ in lakh
Deposits with banks/ financial institutions having original maturity more than three months (including interest accrued thereon)	1,898.44	703.34	101.00
Balances with banks/ financial institutions to the extent held as credit enhancement for loans or security against the borrowings	352.95	330.31	6.28
Less: Impairment loss allowance	(1.62)	(0.34)	-
TOTAL	**2,249.77**	**1,033.31**	**107.28**

Deposits with banks/financial institutions earn interest at fixed rates.

The nature of balances in deposit accounts is as follows:

Particulars	As at 31st March, 2020	As at 31st March, 2019	As at 01st April, 2018
	₹ in lakh	₹ in lakh	₹ in lakh
Credit enhancements for loans	256.30	285.03	-
Security against the borrowings	1,995.09	748.62	107.28

Reconciliation of impairment loss allowance ₹ in lakh

As at 31st March, 2020	Exposure at default	Expected probability of default	Expected credit losses	Carrying amount net of impairment provision
Cash and cash equivalents				
- In deposit accounts(including interest accrued thereon) having original maturity less than three months	-	-	-	-
Bank balance other than cash and cash equivalents above				
Deposits with banks/ financial institutions having original maturity more than three months (including interest accrued thereon)	1,898.44	0.03% - 0.91%	1.38	1,897.06
Balances with banks/financial institutions to the extent held as credit enhancement for loans or security against the borrowings	352.95	0.03% - 0.91%	0.24	352.71

₹ in lakh

As at 31st March, 2019	Exposure at default	Expected probability of default	Expected credit losses	Carrying amount net of impairment provision
Cash and cash equivalents				
- In deposit accounts(including interest accrued thereon) having original maturity less than three months	1,500.63	0.03% - 0.38%	2.57	1,498.06
Bank balance other than cash and cash equivalents above				
Deposits with banks/ financial institutions having original maturity more than three months (including interest accrued thereon)	703.34	0.03% - 0.07%	0.27	703.07
Balances with banks/financial institutions to the extent held as credit enhancement for loans or security against the borrowings	330.31	0.03% - 0.07%	0.06	330.25

₹ in lakh

As at 01st April, 2018	Exposure at default	Expected probability of default	Expected credit losses	Carrying amount net of impairment provision
Cash and cash equivalents				
- In deposit accounts(including interest accrued thereon) having original maturity less than three months	-	-	-	-
Bank balance other than cash and cash equivalents above				
Deposits with banks/ financial institutions having original maturity more than three months (including interest accrued thereon)	101.00	-	-	101.00
Balances with banks/financial institutions to the extent held as credit enhancement for loans or security against the borrowings	6.28	-	-	6.28

4 Trade and other receivables

Particulars	As at 31st March, 2020	As at 31st March, 2019	As at 01st April, 2018
	₹ in lakh	₹ in lakh	₹ in lakh
Trade and other receivables (Unsecured, considered good, within India)			
(I) Trade receivables	14.97	4.46	-
(II) Other receivables	-	-	-
TOTAL	**14.97**	**4.46**	**-**

No trade receivables are due from directors, other officers or from private company or firm in which any director is a partner, director or member. Trade receivables are non-interest bearing and are generally on terms of 90 days. For trade and other receivables with no significant financing component involved a simplified approach as per Ind AS has been followed. Also, since there is no default history of such items in the past, therefore, for any items of trade and other receivables, where the amount is dpd>90 days, the same has been fully provided for in the books of accounts.

Trade receivables days past due

The amount outstanding as on 31st March, 2020 and 31st March, 2019 have days past due for less than 90 days.

5 Loans

Particulars	**As at 31st March, 2020**	**As at 31st March, 2019**	**As at 01st April, 2018**
	Amortised Cost ₹ in lakh	**Amortised Cost ₹ in lakh**	**Amortised Cost ₹ in lakh**
Unsecured, considered good, within India			
Loans	43,091.09	21,862.10	11,790.18
Others			
Assigned Loans from a related party	1,183.87	-	-
Inter-corporate deposit with a related party	400.00	-	-
Gross	**44,674.96**	**21,862.10**	**11,790.18**
(Less): Impairment loss allowance			
- Impairment loss allowance	(355.38)	(217.56)	(132.88)
Net	**44,319.58**	**21,644.54**	**11,657.30**

Credit Quality of Assets

The table below shows the credit quality and the maximum exposure to credit risk based on the RBI provisions as applicable to the NBFC-MFI and year-end stage classification. The Regulatory Framework for NBFC-MFI prescribed by RBI from time to time, contain provisions related to Non-Performing Assets (NPAs) and Loss Assets and are accordingly framed in the ECL policy of the Company on these transactions. In order to comply with the said compliance requirements, the Company has formulated this Policy. This Policy also applies to the provisions required to be made as per the RBI guidelines and Ind AS requirements. It provides a framework for governance and reporting of provisioning on Standard Assets, NPAs & Loss Assets. Further, with reference to RBI notification no. RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated 13th March, 2020 on Implementation of Indian Accounting Standards, the Company has monitored the credit quality in accordance with the staging requirements as per ECL model prescribed under Ind AS 109 and has made provisions accordingly. The amounts presented are gross of impairment allowances and include assigned loans from a related party and inter-corporate deposits with a related party as a part of Stage 1 assets.

₹ in lakh

Particulars	31st March, 2020				31st March, 2019				01st April, 2018			
	Stage 1	Stage 2	Stage 3	TOTAL	Stage 1	Stage 2	Stage 3	TOTAL	Stage 1	Stage 2	Stage 3	TOTAL
Standard	44,507.46	48.04	-	**44,555.50**	21,815.83	9.21	-	**21,825.04**	11,775.48	12.30	-	**11,787.78**
Sub-standard	-	-	91.42	**91.42**	-	-	23.12	**23.12**	-	-	2.40	**2.40**
Doubtful	-	-	28.04	**28.04**	-	-	13.94	**13.94**	-	-	-	**-**
Loss Assets	-	-	-	**-**	-	-	-	**-**	-	-	-	**-**
TOTAL	**44,507.46**	**48.04**	**119.46**	**44,674.96**	**21,815.83**	**9.21**	**37.06**	**21,862.10**	**11,775.48**	**12.30**	**2.40**	**11,790.18**

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to micro-finance lending is as follows:

₹ in lakh

Particulars	Stage 1	Stage 2	Stage 3
Gross carrying amount as at 01st April, 2018	**11,775.48**	**12.30**	**2.40**
Assets originated*	21,559.55	-	-
Net transfer between stages			
Transfer to stage 2	(12.04)	12.04	-
Transfer to stage 3	(39.15)	(10.79)	49.94
Assets derecognised or collected (including death cases/preclosure cases)	(11,468.01)	(4.34)	(15.28)
Gross carrying amount as at 31st March, 2019	**21,815.83**	**9.21**	**37.06**

₹ in lakh

Particulars	Stage 1	Stage 2	Stage 3
Gross carrying amount as at April 1, 2019	**21,815.83**	**9.21**	**37.06**
Assets originated*	53,198.21	-	-
Net transfer between stages			
Transfer to stage 2	(47.87)	47.87	-
Transfer to stage 3	(93.35)	(5.30)	98.65
Assets derecognised or collected (including death cases/preclosure cases)	(30,365.36)	(3.74)	(16.25)
Gross carrying amount as at 31st March, 2020	**44,507.46**	**48.04**	**119.46**

* Assets originated represents the disbursements made/assets purchased during the year.

Reconciliation of ECL balance is given below:

₹ in lakh

Particulars	31st March, 2020				31st March, 2019				01st April, 2018			
	Stage 1	Stage 2	Stage 3	TOTAL	Stage 1	Stage 2	Stage 3	TOTAL	Stage 1	Stage 2	Stage 3	TOTAL
ECL provision at the beginning of the year	183.62	0.09	33.85	**217.56**	132.70	0.15	0.03	**132.88**	-	-	-	**-**
Add: ECL provision during the year	54.17	0.16	83.49	**137.82**	50.92	(0.06)	37.79	**88.65**	132.70	0.15	0.03	**132.88**
Less: Write-offs during the year	-	-	-	**-**	-	-	(3.97)	**(3.97)**	-	-	-	**-**
ECL provision at the end of the year	**237.79**	**0.25**	**117.34**	**355.38**	**183.62**	**0.09**	**33.85**	**217.56**	**132.70**	**0.15**	**0.03**	**132.88**

6 Other financial assets

Particulars	As at 31st March, 2020	As at 31st March, 2019	As at 01st April, 2018
	₹ in lakh	₹ in lakh	₹ in lakh
Advances paid	418.83	-	-
Security deposits	68.50	49.45	31.33
Other receivables	185.89	24.26	0.85
Less: Impairment loss allowance	(12.58)	-	-
TOTAL	**660.64**	**73.71**	**32.18**

Reconciliation of impairment loss allowance

Particulars	₹ in lakh
Impairment allowance as on 01st April, 2018	-
Add: Impairment allowance originated during the year	-
Impairment allowance as on 31st March, 2019	-
Add: Impairment allowance originated during the year	12.58
Impairment allowance as on 31st March, 2020	**12.58**

For other receivables pertaining to other income reported, since there is no significant financing component involved, a simplified approach as per Ind AS has been followed. Also, since there is no default history of such items in the past, therefore, for any items of other receivables pertaining to the other income reported, where the amount is dpd>90 days, the same has been fully provided for in the books of accounts.

7 Current tax assets (net)

Particulars	As at 31st March, 2020	As at 31st March, 2019	As at 01st April, 2018
	₹ in lakh	₹ in lakh	₹ in lakh
Advance tax and tax deducted at source	108.68	1.18	1.18
(Net of provision for tax for 31st March, 2020 : Nil, 31st March, 2019 : ₹ 60.77 lakh, 01st April, 2018 : Nil)			
TOTAL	**108.68**	**1.18**	**1.18**

8 Property, plant and equipment , Right of Use - Premises, Goodwill and Other Intangible Assets

₹ in lakh

Particulars	8A - Property, plant and equipment (at cost)					8B - Right of Use assets		8C - Goodwill		8D - Other Intangible Assets	
	Computers and accessories	Furniture and fixtures	Office equipments	Car	Total	Premises	Total	Goodwill	Total	Other Intangible Assets - Software license	Total
Deemed cost as at 1st April, 2018	**21.60**	**-**	**1.78**	**-**	**23.38**	**91.75**	**91.75**	**1,578.60**	**1,578.60**	**-**	**-**
Additions	63.19	16.99	7.83	-	88.01	3.64	3.64	-	-	-	-
Disposals and transfers	-	-	-	-		-	-	-	-	-	-
As at 31st March, 2019	**84.79**	**16.99**	**9.61**	**-**	**111.39**	**95.39**	**95.39**	**1,578.60**	**1,578.60**	**-**	**-**
Accumulated depreciation and amortisation											
As on 1st April, 2018	-	-	-	-	-	-	-	-	-	-	-
Charge for the year	19.94	12.57	1.77	-	34.28	42.11	42.11	-	-	-	-
Disposals and transfers	-	-	-	-	-	-	-	-	-	-	-
Closing accumulated depreciation and amortisation	**19.94**	**12.57**	**1.77**	**-**	**34.28**	**42.11**	**42.11**	**-**	**-**	**-**	**-**
Net carrying amount as at 31st March, 2019	**64.85**	**4.42**	**7.84**	**-**	**77.11**	**53.28**	**53.28**	**1,578.60**	**1,578.60**	**-**	**-**
Gross Carrying Amount											
As at 31st March, 2019	**84.79**	**16.99**	**9.61**	**-**	**111.39**	**95.39**	**95.39**	**1,578.60**	**1,578.60**	**-**	**-**
Additions	39.62	22.00	13.51	36.39	111.52	17.22	17.22	-	-	15.02	15.02
Additions on account of takeover	16.21	3.57	0.40	-	20.18	-	-	922.75	922.75	-	-
Disposals and transfers	-	-	-	-	-	-	-	-	-	-	-
As at 31st March, 2020	**140.62**	**42.56**	**23.52**	**36.39**	**243.09**	**112.61**	**112.61**	**2,501.35**	**2,501.35**	**15.02**	**15.02**
Accumulated depreciation											
Opening accumulated depreciation and amortisation	**19.94**	**12.57**	**1.77**	**-**	**34.28**	**42.11**	**42.11**	**-**	**-**	**-**	**-**
Depreciation charge during the period	37.07	16.79	4.62	3.05	61.53	50.61	50.61	-	-	3.26	3.26
Disposals and transfers	-	-	-	-	-	-	-	-	-	-	-
Closing accumulated depreciation and amortisation	**57.01**	**29.36**	**6.39**	**3.05**	**95.81**	**92.72**	**92.72**	**-**	**-**	**3.26**	**3.26**
Net carrying amount as at 31st March, 2020	**83.61**	**13.20**	**17.13**	**33.34**	**147.27**	**19.89**	**19.89**	**2,501.35**	**2,501.35**	**11.76**	**11.76**

Particulars	FY2020	FY2019
	₹ in lakh	₹ in lakh
Depreciation on tangible assets	61.53	34.28
Amortisation of intangible assets	3.26	-
Depreciation on right of use assets	50.61	42.11
TOTAL	**115.40**	**76.39**

Note: None of the above assets are pledged against securities

9 Other non-financial assets

Particulars	As at 31st March, 2020	As at 31st March, 2019	As at 01st April, 2018
	₹ in lakh	₹ in lakh	₹ in lakh
Balances with government authorities	37.00	47.38	20.92
Prepaid expenses	27.77	54.02	50.76
Other advances	-	0.95	1.44
TOTAL	**64.77**	**102.35**	**73.12**

10 Payables

Particulars	As at 31st March, 2020	As at 31st March, 2019	As at 01st April, 2018
	₹ in lakh	₹ in lakh	₹ in lakh
(Unsecured, considered good, within India)			
(I)Trade Payables			
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	103.03	99.25	115.43
(II)Other Payables	-	-	-
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	-
TOTAL	**103.03**	**99.25**	**115.43**

Out of the total dues, ₹1.58 lakh as on 31st March, 2020, ₹0.65 lakh as on 31st March, 2019 and ₹73.30 lakh as on 01st April, 2018 pertain to related parties.

11 Debt securities

Particulars	As at 31st March, 2020	As at 31st March, 2019	As at 01st April, 2018
	Amortised Cost ₹ in lakh	Amortised Cost ₹ in lakh	Amortised Cost ₹ in lakh
Debentures and bonds, considered good, within India			
Secured			
Non-convertible debentures (Series I)	6,237.31	4,978.73	-
Non-convertible debentures (Series II)	3,893.38	-	-
Interest accrued but not due on non-convertible debentures	160.53	26.37	-
Unsecured			
Compulsorily convertible debentures	2,800.00	1,900.00	600.00
Interest accrued but not due on compulsorily convertible debentures	-	0.55	3.99
TOTAL	**13,091.22**	**6,905.65**	**603.99**

Terms of repayment

Non-convertible debentures (Series I) **₹ in lakh**

Tenure (from the date of the Balance Sheet)	Rate of Interest	Repayment details	As at 31st March, 2020	As at 31st March, 2019	As at 01st April, 2018
13-24 months	12%	Quarterly	402.00	5,107.00	-
upto 12 months	12%	Quarterly	5,911.00	-	-
			6,313.00	5,107.00	-
Less: Effective interest rate adjustment			(75.69)	(128.27)	-
TOTAL			**6,237.31**	**4,978.73**	**-**
Add: Interest accrued but not due on non-convertible debentures			59.01	26.37	-
			6,296.32	**5,005.10**	**-**

Nature of security

The facility is secured on a first and exclusive charge basis by way of hypothecation over the portfolio loans in such a way that the security cover is met. Further, the Company has provided additional security by way of cash collateral and corporate guarantee in certain cases.

Non-convertible debentures (Series II) **₹ in lakh**

Tenure (from the date of the Balance Sheet)	Rate of Interest	Repayment details	As at 31st March, 2020	As at 31st March, 2019	As at 01st April, 2018
12-24 months	12%-13%	Quarterly	3,970.00	-	-
			3,970.00	-	-
Less: Effective interest rate adjustment			(76.62)	-	-
TOTAL			**3,893.38**	**-**	**-**
Add: Interest accrued but not due on non-convertible debentures			101.52	-	-
			3,994.90	-	-

Nature of security

The facility is secured on a first and exclusive charge basis by way of hypothecation over the portfolio loans in such a way that the security cover is met. Further, the Company has provided additional security by way of cash collateral and corporate guarantee in certain cases.

Compulsorily convertible debentures- Series-I **₹ in lakh**

Tenure (from the date of the Balance Sheet)	Rate of Interest	Repayment details	As at 31st March, 2020	As at 31st March, 2019	As at 1st April, 2018
49-60 months	15%	Refer Note below	-	-	600.00
37-48 months	15%	Refer Note below	-	600.00	-
25-36 months	15%	Refer Note below	300.00	-	-
			300.00	600.00	600.00
Less: Effective interest rate adjustment			-	-	-
TOTAL			**300.00**	**600.00**	**600.00**
Add: Interest accrued but not due on compulsorily convertible debentures			-	-	3.99
			300.00	600.00	603.99

Compulsorily convertible debentures- Series-II ₹ in lakh

Tenure (from the date of the Balance Sheet)	Rate of Interest	Repayment details	As at 31st March, 2020	As at 31st March, 2019	As at 1st April, 2018
49-60 months	16%	Refer Note below	-	800.00	-
			-	800.00	-
Less: Effective interest rate adjustment			-	-	-
TOTAL			**-**	**800.00**	**-**
Add: Interest accrued but not due on compulsorily convertible debentures			-	-	
			-	800.00	-

Compulsorily convertible debentures- Series-III ₹ in lakh

Tenure (from the date of the Balance Sheet)	Rate of Interest	Repayment details	As at 31st March, 2020	As at 31st March, 2019	As at 1st April, 2018
49-60 months	15%	Refer Note below		500.00	-
37-48 months	15%	Refer Note below	1,500.00		
			1,500.00	500.00	-
Less: Effective interest rate adjustment			-	-	-
TOTAL			**1,500.00**	**500.00**	**-**
Add: Interest accrued but not due on compulsorily convertible debentures			-	0.55	-
			1,500.00	500.55	-

Compulsorily convertible debentures- Series-IV ₹ in lakh

Tenure (from the date of the Balance Sheet)	Rate of Interest	Repayment details	As at 31st March, 2020	As at 31st March, 2019	As at 1st April, 2018
49-60 months	15%	Refer Note below	500.00	-	-
			500.00	-	-
Less: Effective interest rate adjustment			-	-	-
TOTAL			**500.00**	**-**	**-**
Add: Interest accrued but not due on compulsorily convertible debentures			-	-	-
			500.00	-	-

Compulsorily convertible debentures- Series-V ₹ in lakh

Tenure (from the date of the Balance Sheet)	Rate of Interest	Repayment details	As at 31st March, 2020	As at 31st March, 2019	As at 1st April, 2018
61-110 months	15%	Refer Note below	500.00	-	-
			500.00	-	-
Less: Effective interest rate adjustment			-	-	-
TOTAL			**500.00**	**-**	**-**
Add: Interest accrued but not due on compulsorily convertible debentures			-	-	-
			500.00	-	-

Conversion event (for all series of compulsorily convertible debentures mentioned above) is:
The earlier of:

(a) Expiry of the tenor of the compulsorily convertible debentures; or

(b) At the option of the holder of the compulsorily convertible debentures by issuing a notice of 7 (seven) working days to the Company.

12 Borrowings (other than debt securities)

Particulars	As at 31st March, 2020	As at 31st March, 2019	As at 01st April, 2018
	Amortised Cost ₹ in lakh	Amortised Cost ₹ in lakh	Amortised Cost ₹ in lakh
Secured, within India			
Term loans from financial institutions	21,648.69	11,697.85	9,912.48
Term loans from banks	5,879.31	2,683.77	-
Securitisation liability	768.38	2,828.53	-
Interest accrued but not due on borrowings	144.75	37.62	76.42
Bank overdraft	1,278.64	-	-
TOTAL	**29,719.77**	**17,247.77**	**9,988.90**

Borrowings(other than debt securities)
Terms of repayment of term loans from banks & financial institutions **₹ in lakh**

Tenure (from the date of the Balance Sheet)	Rate of Interest	Repayment details	As at 31st March, 2020	As at 31st March, 2019	As at 01st April, 2018
25-36 months	13%-14%	Quarterly	250.00	-	-
13-24 months	10%-11%	Monthly	62.50	-	-
13-24 months	12%-13%	Monthly	-	1,294.95	4,916.67
13-24 months	13%-14%	Monthly	3,320.83	478.61	-
13-24 months	14%-15%	Monthly	3,674.85	3,443.06	-
13-24 months	13%-14%	Quarterly	410.26	-	-
upto 12 months	10%-11%	Monthly	250.00	-	-
upto 12 months	12%-13%	Monthly	1,407.45	2,905.05	5,083.33
upto 12 months	13%-14%	Monthly	5,519.68	1,952.65	-
upto 12 months	14%-15%	Monthly	11,650.72	4,437.45	-
upto 12 months	15%-16%	Monthly	262.50	-	-
upto 12 months	13%-14%	Quarterly	641.02	-	-
upto 12 months	14%-15%	Quarterly	250.00	-	-
TOTAL			**27,699.81**	**14,511.76**	**10,000.00**
Less: Effective interest rate adjustment			(188.17)	(130.14)	(87.52)
Add: Fair market value adjustment on acquisition			4.95	-	-
Add: Payable on account of fees to the lender			11.42	-	-
TOTAL			**27,528.00**	**14,381.62**	**9,912.48**
Add: Interest accrued but not due on borrowings			144.75	37.62	76.42
			27,672.75	**14,419.24**	**9,988.90**

Nature of security
The facility is secured on a first and exclusive charge basis by way of hypothecation over the portfolio loans in such a way that the security cover is met. Further, the Company has provided additional security by way of cash collateral and corporate guarantee in certain cases.

Bank Overdraft is secured against fixed deposits maintained with the same Bank.

Securitisation liability

Terms of repayment ₹ in lakh

Tenure (from the date of the Balance Sheet)	Rate of Interest	Repayment details	As at 31st March, 2020	As at 31st March, 2019	As at 01st April, 2018
13-24 months	9.60%-11.44%	Monthly	14.95	391.48	-
upto 12 months	9.60%-11.44%	Monthly	753.43	2,437.05	-
TOTAL			**768.38**	**2,828.53**	**-**

Nature of security

Securitisation liability represents the net outstanding value (net of investment in pass-through certificates) of the sale proceeds received by the Company from securitisation trust in respect of loan assets transferred by the Company pursuant to the deed of assignment. The quantum of Credit Enhancement (CE) is determined based on the pool rating requirement. The security is offered by way of First Loss Credit Enhancement (FLCE) in the form of cash collateral / fixed deposit placed with banks and / or Second Loss Credit Enhancement (SLCE) in the form of guarantee provided by third party as the case maybe.

13 Subordinated Liabilities

Particulars	As at 31st March, 2020	As at 31st March, 2019	As at 01st April, 2018
	Amortised Cost ₹ in lakh	Amortised Cost ₹ in lakh	Amortised Cost ₹ in lakh
Unsecured, within India			
Subordinated liability from a financial institution	1,000.00	-	-
Interest accrued but not due on subordinated liability	5.38	-	-
TOTAL	**1,005.38**	**-**	**-**

Terms of repayment ₹ in lakh

Tenure (from the date of the Balance Sheet)	Rate of Interest	Repayment details	As at 31st March, 2020	As at 31st March, 2019	As at 01st April, 2018
61-110 months	17%	Bullet	1,000.00	-	-
			1,000.00	-	-
Less: Effective interest rate adjustment			-	-	-
TOTAL			**1,000.00**	**-**	**-**
Add: Interest accrued but not due on subordinated liability			5.38	-	-
			1,005.38	**-**	**-**

Terms of repayment

Repayment will be made in 2 bullet repayments:

1) 50% will be repaid at the end of 5 years and 6 months from the date of disbursement.

2) Remaining 50% will be repaid at the end of the 6th year from the date of disbursement.

14 Other financial liabilities

Particulars	As at 31st March, 2020	As at 31st March, 2019	As at 01st April, 2018
	₹ in lakh	₹ in lakh	₹ in lakh
Lease liabilities	11.46	53.41	88.56
Assignee payable	367.84	-	-
Other payables	41.25	2.78	9.00
TOTAL	**420.55**	**56.19**	**97.56**

15 Current tax liabilities (net)

Particulars	As at 31st March, 2020 ₹ in lakh	As at 31st March, 2019 ₹ in lakh	As at 01st April, 2018 ₹ in lakh
Provision for income tax	-	51.25	-
(Net of advance tax for 31st March, 2020 : Nil, 31st March, 2019 : ₹ 9.54 lakh, 01st April, 2018 : Nil)			
TOTAL	**-**	**51.25**	**-**

16 Provisions

Particulars	As at 31st March, 2020 ₹ in lakh	As at 31st March, 2019 ₹ in lakh	As at 01st April, 2018 ₹ in lakh
Provision for employee benefits (Refer note no. 32 "Employee benefit obligation" for detailed disclosure)			
Provision for gratuity	12.30	11.26	5.00
Provision for leave availment	21.41	8.90	4.13
TOTAL	**33.71**	**20.16**	**9.13**

17 Other non-financial liabilities

Particulars	As at 31st March, 2020 ₹ in lakh	As at 31st March, 2019 ₹ in lakh	As at 01st April, 2018 ₹ in lakh
Fees received in advance	1.69	-	-
Statutory dues	96.30	55.49	29.06
TOTAL	**97.99**	**55.49**	**29.06**

18 Equity share capital

Particulars	As at 31st March, 2020 ₹ in lakh	As at 31st March, 2019 ₹ in lakh	As at 01st April, 2018 ₹ in lakh
Authorised			
85,000,000 (31 March 2019 : 55,000,000, 01 April 2018 : 35,000,000) equity shares of Rs. 10 each	8,500	5,500	3,500
Issued, subscribed and fully paid-up			
70,528,306 (31st March, 2019 : 49,528,306, 01st April, 2018 : 34,633,124) equity shares of Rs 10 each fully paid up	7,052.83	4,952.83	3,463.31
Out of the above, 70,528,306 (31st March, 2019 : 49,528,306, 01st April, 2018 : 34,633,124) shares were held by the holding Company Centrum Capital Limited			
Total issued, subscribed and fully paid up share capital	**7,052.83**	**4,952.83**	**3,463.31**

a) Reconciliation of number and amount of shares outstanding:

Particulars	31st March, 2020		31st March, 2019		01st April, 2018	
	Number in lakh	₹ in lakh	Number in lakh	₹ in lakh	Number in lakh	₹ in lakh
Equity shares						
Shares outstanding at the beginning of the year	495.28	4,952.83	346.33	3,463.31	346.33	3,463.31
Shares issued during the year	210.00	2,100.00	148.95	1,489.52	-	-
Shares outstanding at the end of the year	**705.28**	**7,052.83**	**495.28**	**4,952.83**	**346.33**	**3,463.31**

b) Terms / rights attached to each class of shares

Equity shares

The Company has issued only one class of equity shares having a par value of INR 10 per share. Each holder of equity shares is entitled to one vote per share. Any dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing annual general meeting. The Company has not declared/ proposed any dividend in the current year and previous year.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company after distribution of all preferential amounts. However, no such preferential amounts currently exist. The distribution will be in proportion to the number of equity shares held by the shareholders.

c) Shares of the Company held by the holding/ultimate holding Company

Equity shareholders	As at 31st March, 2020		As at 31st March, 2019		As at 01st April, 2018	
	No. of shares held (in lakh)	% holding	No. of shares held (in lakh)	% holding	No. of shares held (in lakh)	% holding
Centrum Capital Ltd, the Holding Company	705.28	100%	495.28	100%	346.33	100%

There is no change in shareholding pattern during the year. 6 shares are held in the name of nominees of the Company for which Centrum Capital Limited is the beneficiary.

d) Shareholders holding more than 5% shares in the Company :-

Name of Shareholder	As at 31st March, 2020		As at 31st March, 2019		As at 01st April, 2018	
	No. of shares held (in lakh)	% of holding	No. of shares held (in lakh)	% of holding	No. of shares held (in lakh)	% of holding
Centrum Capital Ltd. ,the Holding Company	705.28	100%	495.28	100%	346.33	100%
Total	**705.28**	**100.00%**	**495.28**	**100.00%**	**346.33**	**100.00%**

The aggregate number of equity shares issued for consideration other than cash during the period of five years immediately preceding reporting date - NIL. Note that the Company was incorporated only on 31st August, 2016.

19 Other equity

₹ in lakh

Particulars	Reserves and surplus			Employees' stock options outstanding	Impairment reserve	Other comprehensive income	Total
	Statutory reserve	Capital contribution	Retained earnings				
Balance as at 01st April, 2018	**-**	**-**	**(263.53)**	**-**	**-**	**-**	**(263.53)**
Profit/(loss) for the year	-	-	(36.90)	-	-	-	(36.90)
Other comprehensive income for the year (net of tax)	-	-	-	-	-	1.19	1.19
Transferred to / from	14.54	19.93	(14.54)	-	-	-	19.93
Balance as at 31st March, 2019	**14.54**	**19.93**	**(314.97)**	**-**	**-**	**1.19**	**(279.31)**
Balance as at 01st April, 2019	**14.54**	**19.93**	**(314.97)**	**-**	**-**	**1.19**	**(279.31)**
Profit/(loss) for the year	-	-	539.69	-	-	-	539.69
Other comprehensive income for the year (net of tax)	-	-	-	-	-	(0.23)	(0.23)
Transferred to / from	107.94	10.51	(196.95)	6.73	89.01	-	17.24
Balance as at 31st March, 2020	**122.48**	**30.44**	**27.77**	**6.73**	**89.01**	**0.96**	**277.39**

Nature of reserves

a) Statutory Reserve

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

The conditions and restrictions for distribution attached to statutory reserves as specified in Section 45-IC(1) in The Reserve Bank of India Act, 1934:

(1) Every non-banking financial Company (NBFC) shall create a reserve fund and transfer therein a sum not less than twenty percent of its net profit every year as disclosed in the profit and loss account and before any dividend is declared.

(2) No appropriation of any sum from the reserve fund shall be made by the NBFC except for the purpose as may be specified by the RBI from time to time and every such appropriation shall be reported to the RBI within twenty-one days from the date of such withdrawal. Provided that the RBI may, in any particular case and for sufficient cause being shown, extend the period of twenty-one days by such further period as it thinks fit or condone any delay in making such report.

b) Capital Contribution

The holding Company has issued some corporate guarantees to lenders on behalf of the Company. These guarantees are fair valued and the notional cost thereof has been adjusted with the borrowings with the corresponding impact recognised as capital contribution.

c) Retained Earnings

Retained earnings are the profits that the Company has earned till date, less any transfers to statutory reserve and impairment reserve.

d) Employees' stock options outstanding

The Company has issued some employees stock options, the impact of fair valuation of the same is accounted through other equity.

e) Impairment reserve

In line with the RBI Circular No. RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated 13th March, 2020, the Company has created provision for impairment on financial instruments and the excess of the provision prescribed under IRACP norms over and above the ECL as per the Ind AS 109 norms has been transferred to a separate Impairment Reserve through an appropriation from the net profit or loss for the year. This appropriation has been reflected in the statement of changes in equity under retained earnings. Further, the withdrawal from this reserve can be done only with prior permission of RBI.

f) Other comprehensive income

The impact due to remeasurement of post-employee benefit obligations has been considered in the other comprehensive income net of deferred tax thereon.

20 Interest income

Particulars	FY2020	FY2019
	Amortised Cost ₹ in lakh	Amortised Cost ₹ in lakh
Interest income on loan portfolio	7,965.66	4,042.24
Interest on fixed deposits	111.42	0.96
Other interest income	72.84	10.28
TOTAL	**8,149.92**	**4,053.48**

21 Fees and commission income

Particulars	FY2020	FY2019
	₹ in lakh	₹ in lakh
Commission income	44.80	11.31
TOTAL	**44.80**	**11.31**

Revenue from contracts with customers

Set out below is the revenue from contracts with customers and reconciliation to statement of profit and loss

Particulars	FY2020	FY2019
	Amortised Cost ₹ in lakh	Amortised Cost ₹ in lakh
Commission income on sale of Insurance	33.46	11.31
Commission received as a business correspondent*	11.34	-
Total revenue from contract with customers	**44.80**	**11.31**
Geographical markets		
India	44.80	11.31
Outside India	-	-
Total revenue from contract with customers	**44.80**	**11.31**
Timing of revenue recognition		
Services transferred at a point in time	44.80	11.31
Services transferred over time	-	-
Total revenue from contracts with customers	**44.80**	**11.31**

Contract balances

Particulars	As at 31st March, 2020	As at 31st March, 2019	As at 01st April, 2018
	₹ in lakh	₹ in lakh	₹ in lakh
Other financial liabilities**	27.31	-	-
Trade receivables	14.97	4.46	-

* This represents the commission received by the Company on loan assets serviced as a business correspondent.
** This represents the loans held as a business correspondent of ₹ 220.61 lakh which has been netted off against the business correspondent loan liability of ₹ 247.93 lakh.

22 Net gain on fair value changes

Particulars	FY2020	FY2019
	₹ in lakh	₹ in lakh
Net gain /(loss) on financial instruments at fair value through profit & loss account (within India, realised)		
Mutual fund units	86.70	19.38
Total (A)	**86.70**	**19.38**
Fair Value changes:		
Realised	86.70	19.38
Unrealised	-	-
Total (B)	**86.70**	**19.38**
TOTAL	**86.70**	**19.38**

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

Particulars	FY2020	FY2019
	₹ in lakh	₹ in lakh
Gain on direct assignment	305.00	-
TOTAL	**305.00**	**-**

24 Other operating revenue

Particulars	FY2020	FY2019
	₹ in lakh	₹ in lakh
Recovery of loans written back	2.12	8.94
Service fee on direct assignment	0.37	-
TOTAL	**2.49**	**8.94**

25 Other income

Particulars	FY2020	FY2019
	₹ in lakh	₹ in lakh
Marketing income	228.49	33.32
TOTAL	**228.49**	**33.32**

Set out below is the disaggregation of the revenue from contracts with customers

Type of services or service	FY2020	FY2019
	₹ in lakh	₹ in lakh
Marketing income	**228.49**	**33.32**
Total revenue from contracts with customers		
Geographical markets		
India	228.49	33.32
Outside India	-	-
Total revenue from contracts with customers	**228.49**	**33.32**
Timing of revenue recognition		
Services transferred at a point in time	228.49	33.32
Services transferred over a period of time	-	-
Total revenue from contracts with customers	**228.49**	**33.32**

Note:

The Company satisfies its performance obligations on completion of service with regards to the marketing income. The payments on these contracts is due on completion of service, the contracts do not contain a significant financing component and the consideration is not variable.

Revenue from contracts with customers

During the year, the Company has earned marketing revenue from contracts with customers for ₹ 228.49 lakh (previous year - ₹ 33.32 Lakh). Marketing revenue is recognised at a given point in time.

No contract assets or contract liabilities are recognised at any of the reporting dates. Further, revenue from contracts with customers are as per contract price.

Further, at the end of the reporting period, there are no unsatisfied performance obligations with respect to the existing contracts.

Contract balances

Particulars	As at 31st March, 2020	As at 31st March, 2019	As at 01st April, 2018
	₹ in lakh	₹ in lakh	₹ in lakh
Other financial assets	135.34	21.35	-

26 Finance costs

Particulars	FY2020	FY2019
	₹ in lakh	₹ in lakh
On financial liabilities measured at amortised cost:		
Interest on debt securities	1,430.91	188.64
Interest on borrowings (other than debt securities)	2,992.52	1,925.44
Interest on subordinate liabilities	85.66	-
Interest on securitised liabilities	254.15	30.51
Interest on lease liabilities	4.65	7.34
Other borrowing costs	33.07	61.26
TOTAL	**4,800.96**	**2,213.19**

27 Impairment on financial instruments

Particulars	FY2020	FY2019
	₹ in lakh	₹ in lakh
On financial instruments measured at amortised cost:		
Loans	137.82	84.68
Others		
Other receivables	12.58	-
Fixed deposits	(1.28)	2.90
Bad debts written-off	-	3.97
TOTAL	**149.12**	**91.55**

The table below shows the ECL charges on financial instruments for the year recorded in the profit and loss based on evaluation stage:

₹ in lakh

Particulars	FY2020					FY2019				
	General Approach			Simplified Approach	TOTAL	General Approach			Simplified Approach	TOTAL
	Stage 1	Stage 2	Stage 3			Stage 1	Stage 2	Stage 3		
ECL provision on:										
Loans	54.22	0.12	83.48	-	137.82	50.92	(0.06)	33.82	-	84.68
Others										
Other receivables	-	-	-	12.58	12.58	-	-	-	-	-
Fixed deposits	-	-	-	(1.28)	(1.28)	-	-	-	2.90	2.90
Total impairment on financial instruments	**54.22**	**0.12**	**83.48**	**11.30**	**149.12**	**50.92**	**(0.06)**	**33.82**	**2.90**	**87.58**

28 Employee benefits expenses

Particulars	FY2020	FY2019
	₹ in lakh	₹ in lakh
Salaries, wages and bonus	1,904.17	1,030.81
Contribution to provident and other funds	162.86	101.44
Leave availment	12.51	4.77
Share based payments to employees	6.73	-
Staff welfare expenses	57.67	43.24
TOTAL	**2,143.94**	**1,180.26**

29 Other expenses

Particulars	FY2020	FY2019
	₹ in lakh	₹ in lakh
Rent, taxes and energy costs*	178.91	126.86
Stamp duty fees	39.21	22.29
Repairs and maintenance	16.13	6.51
Communication costs	30.66	13.96
Printing and stationery	49.91	34.54
Directors' fees, allowances and expenses	15.81	7.60
Auditor's fees and expenses (Refer note 29.1 below)	14.53	11.19
Legal and professional charges	302.51	132.52
Insurance	10.27	4.92
Software licenses expenses	79.28	64.34
Travelling and conveyance expenses	64.22	35.47
Cash handling charges	134.83	42.03
Membership and subscription	8.76	7.26
Other expenditure	29.11	10.48
TOTAL	**974.14**	**519.98**

*A total amount of ₹53.25 lakh being rent for FY2020 and ₹46.00 lakh being rent for FY2019 have been adjusted with the lease liability created as per the requirements of Ind AS 116 – Leases. Hence the reported amounts are net of the same.

29.1 Auditor's fees and expenses

Particulars	FY2020	FY2019
	₹ in lakh	₹ in lakh
As Auditor:		
Audit fees	11.34	10.50
Out of pocket expenses	0.59	0.69
In any other manner:		
Certification services	2.60	-
TOTAL	**14.53**	**11.19**

30 Income Tax

The components of Income tax expense for the year ended 31st March, 2020 & 31st March, 2019

Particulars	FY2020	FY2019
	₹ in lakh	₹ in lakh
Current tax	-	60.77
Deferred tax relating to origination and reversal of temporary differences	94.15	21.19
Total tax charge	**94.15**	**81.96**
Current tax	-	60.77
Deferred tax	94.15	21.19

30.1 Reconciliation of the total tax charge

The tax charge shown in the statement of profit and loss differs from the tax charge that would apply if all profits had been charged at India corporate tax rate. A reconciliation between the tax expense and the accounting profit multiplied by India's domestic tax rate for the years ended 31st March, 2020 and 31st March, 2019 is, as follows:

Particulars	FY2020	FY2019
	₹ in lakh	₹ in lakh
Accounting profit before tax	633.84	45.06
At India's statutory income tax rate of	25.17%	27.82%
Tax at the applicable rate	159.52	12.53
Disallowances on account of Permanent Differences	11.50	5.29
Utilisation of brought forward business losses and unabsorbed depreciation on which deferred tax asset was not created in earlier years	(109.60)	-
Deferred tax assets not created on brought forward business losses and unabsorbed depreciation	-	98.53
Deferred tax assets created on earlier year's brought forward business losses and unabsorbed depreciation	(16.00)	-
(Benefit)/ Expense due to change in tax rates on the opening timing differences	(10.41)	0.86
Other items	(1.65)	(35.26)
Deferred tax impact excluding MAT credit entitlement	**33.37**	**81.96**
Write off of MAT credit of previous year	60.77	-
Total charge to the statement of profit and loss	**94.15**	**81.96**

During the year, the Company has exercised 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 and remeasured Provision for Income Tax and Deferred Tax based on the rate prescribed in the said section. Accordingly, this has resulted in a reduction of deferred tax liability of ₹10.40 lakh and a charge on account of reversal of MAT credit entitlement of ₹ 60.77 lakh of previous year for the year ended 31st March, 2020.

30.2 The following tables show deferred tax recorded in the balance sheet and changes recorded in the Income tax expense:

₹ in lakh

Particulars	Deferred Tax Assets as at	Deferred Tax Liabilities as at	Income Statement	Other comprehensive income
	31st March, 2020	31st March, 2020	FY2020	FY2020
Property, plant and equipment, other intangible assets and goodwill - carrying amount	-	222.96	76.81	-
EIR impact on loans measured at amortised cost	94.59	-	(43.18)	-
EIS Asset recognised under Ind AS	-	57.35	57.35	
EIR impact on borrowings (including debt securities and subordinated liabilities) measured at amortised cost	-	86.02	4.78	-
Impairment loss allowance	93.02	-	(32.49)	-
Provision for employee benefits	8.48	-	(2.80)	(0.08)
Expenses allowable for tax purposes when paid	11.24	-	(11.24)	-
Other temporary differences	18.17	-	(15.84)	-
Total	**225.50**	**366.33**	**33.38**	**(0.08)**
Charge on account of reversal of MAT credit entitlement	-	-	60.77	-
Net Impact	**140.83**	**-**	**94.15**	**(0.08)**

₹ in lakh

Particulars	Deferred Tax Assets as at	Deferred Tax Liabilities as at	Income Statement	Other comprehensive income
	31st March, 2019	31st March, 2019	FY2019	FY2019
Property, plant and equipment, other intangible assets and goodwill - carrying amount	-	146.16	94.55	-
EIR impact on loans measured at amortised cost	51.41	-	(40.77)	-
EIR impact on borrowings (including debt securities and subordinated liabilities) measured at amortised cost	-	81.24	58.70	-
Impairment loss allowance	60.53	-	(26.31)	-
Provision for employee benefits	5.61	-	(5.61)	0.46
Other temporary differences	0.70	-	1.86	-
Total	**118.24**	**227.39**	**82.42**	**0.46**
Net Impact	**109.15**	**-**	**81.96**	**-**
Less: MAT credit entitlement	(60.77)	-	(60.77)	-
Balance	**48.38**	**-**	**21.19**	**0.46**

The difference in the net impact on account of deferred tax for both the years vis-à-vis the profit or loss account impact during the current financial year is on account of deferred tax on fair valuation of goodwill acquired through business combination. The same has been adjusted in the carrying amount of goodwill.

₹ in lakh

Particulars	Deferred tax assets as at	Deferred tax liabilities as at
	01st April, 2018	01st April, 2018
Property, plant and equipment, other intangible assets and goodwill - carrying amount	-	51.60
EIR impact on loans measured at amortised cost	10.63	-
EIR impact on borrowings (including debt securities and subordinated liabilities) measured at amortised cost	-	22.54
Impairment loss allowance	34.22	-
Provision for employee benefits	-	-
Other temporary differences	2.56	-
Total	47.41	74.14
Net deferred tax liability	**26.73**	

Amounts recognised in respect of current tax / deferred tax directly in equity ₹ in lakh

Particulars	As at 31st March, 2020	As at 31st March, 2019	As at 01st April, 2018
Amounts recognised in respect of current tax / deferred tax directly in equity	-	-	-

Tax losses and tax credits ₹ in lakh

Particulars	As at 31st March, 2020	As at 31st March, 2019	As at 01st April, 2018
Unused business losses and unabsorbed depreciation for which no deferred tax asset has been recognised	-	499.03	280.15
MAT credit entitlement	(60.77)	60.77	-

31 Earnings per equity share
(Face value of ₹ 10 per share)

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

Particulars	FY2020	FY2019
Net profit after tax available for equity shareholders for basic EPS ₹ in lakh	539.69	(36.90)
Net profit after tax available for equity shareholders for diluted EPS ₹ in lakh	539.69	(36.90)
Weighted average number of equity shares for basic EPS (Nos.in lakh)	584.60	399.88
Weighted average number of equity shares for diluted EPS (Nos.in lakh)	584.60	399.88
Basic earnings per share (₹)	0.92	(0.09)
Diluted earnings per share (₹)	0.92	(0.09)

Effects of share options on diluted earnings per share
(For the year ended 31st March, 2020)

Particulars	Nos.
Net profit for the year ended 31st March, 2020 ₹ in lakh	539.69
Weighted average number of equity shares outstanding during the year ended 31st March, 2020 (Nos.)	58,460,000
Average fair value of one option during the year ended 2020 (₹)	4.45 & 4.94
Weighted average number of shares under Employee stock option during the year ended 31st March, 2020 (Nos.)	191,356
Exercise price for shares under option during the year ended 31st March, 2020 (₹)	10.00

Computation of Earnings per share

Particulars	Earnings ₹ in lakh	Shares (Nos.)	Earnings per share (₹)
Net profit for the year ended 31st March, 2020	539.69		
Weighted average number of shares outstanding during year ended 31st March, 2020		58,460,000	
Basic earnings per share			0.92
Impact of employee stock options	6.73		
Number of shares under employee stock options		191,356	
Diluted earnings per share	546.42	58,651,356	0.92

Note

1. Since the rate of conversion of the compulsorily convertible debentures can be ascertained only on the date of conversion, the same have not been considered while calculating the diluted earnings per share.

2. Since the impact of considering the potential equity shares (i.e. employee stock options) is anti-dilutive, the same have been ignored.

32 Employee benefit obligations

a) Defined contribution plans

A defined contribution plan is a pension plan under which the Company pays fixed contributions and there is no legal or constructive obligation to pay further contributions. The Company has defined contribution plans namely provident fund and employees state insurance scheme. The contributions made by the Company in respect of these plans are charged to the statement of profit and loss.

The Company has recognised the following amounts in the statement of profit and loss towards contribution to defined contribution plans which are included under contribution to provident and other funds:

₹ in lakh

Particulars	FY2020	FY2019
Provident fund	115.05	59.67

b) Defined benefit plans

The Company has a funded defined benefit gratuity plan (previous year: unfunded). The Company's defined benefit gratuity plan is a final salary plan for India employees, which requires contributions to be made to a separately administered fund. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the Act, an employee who has completed five years of service is entitled to specific benefits. The level of benefits provided depend on the member's length of service and salary at retirement age. The fund is managed by an independent Insurance Company. The Insurance Company is responsible for the administration of the plan assets and for defining the investment strategies.

The following tables summarise the components of net benefit / expense recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for the respective plans:

i) Balance sheet **₹ in lakh**

Particulars	Present value of obligation	Fair value of plan assets	Net amount
As at 01st April, 2018	5.00	-	5.00
Current service cost	8.21	-	8.21
Interest expense/(income)	0.39	-	0.39
Return on plan assets	-	-	-
Actuarial loss / (gain) arising from change in financial assumptions	(0.09)	-	(0.09)
Actuarial loss / (gain) arising from change in demographic assumptions	-	-	-
Actuarial loss / (gain) arising on account of experience changes	(1.56)	-	(1.56)
Employer contributions	-	-	-
Benefit payments	(0.69)	-	(0.69)
As at 31st March, 2019	**11.26**	**-**	**11.26**
Current service cost	11.11	11.26	(0.15)
Interest expense/(income)	0.88	-	0.88
Return on plan assets	-	0.64	(0.64)
Actuarial loss / (gain) arising from change in financial assumptions	0.71	-	0.71
Actuarial loss / (gain) arising from change in demographic assumptions	(1.45)	-	(1.45)
Actuarial loss / (gain) arising on account of experience changes	1.69	-	1.69
Reversal of the liability	-	-	-
Employer contributions	-	-	-
As at 31st March, 2020	**24.20**	**11.90**	**12.30**

Particulars	As at 31st March, 2020	As at 31st March, 2019	As at 01st April, 2018
Present value of plan liabilities	24.20	11.26	5.00
Fair value of plan assets	11.90	-	-
Plan liability net of plan assets	**12.30**	**11.26**	**5.00**

Change in the fair value of plan assets : ₹ in lakh

Particulars	As at 31st March, 2020	As at 31st March, 2019
Fair value of plan assets at the beginning of the year	-	-
Interest income	-	-
Contributions by the employer	11.26	-
Benefits paid from the fund	-	-
Return on plan assets excluding interest income	0.64	-
Fair value of plan assets at the end of the year	**11.90**	**-**

ii) Statement of Profit and loss ₹ in lakh

Particulars	FY2020	FY2019
Employee Benefit Expenses:		
Current service cost	11.11	8.21
Total	**11.11**	**8.21**
Interest cost	0.88	0.39
Net impact on the profit before tax	**11.99**	**8.60**
Remeasurement of the net defined benefit liability:		
Return on plan assets excluding amounts included in interest expense/income	(0.64)	-
Actuarial gains/(losses) arising from changes in demographic assumptions	(1.45)	-
Actuarial gains/(losses) arising from changes in financial assumptions	0.71	(0.09)
Actuarial gains/(losses) arising from changes in experience	1.69	(1.56)
Net impact on the other comprehensive income before tax	**0.31**	**(1.65)**

iii) Defined benefit plans assets ₹ in lakh

Category of assets (% allocation)	As at 31st March, 2020	As at 31st March, 2019	As at 01st April, 2018
Insurer managed funds			
- Government securities	-	-	-
- Insurance funds	11.90	-	
- Deposit and money market securities	-	-	-
- Debentures / bonds	-	-	-
- Equity shares	-	-	-
Total	**11.90**	**-**	**-**

iv) Actuarial assumptions

With the objective of presenting the plan assets and plan liabilities of the defined benefits plans and post retirement benefits at their fair value on the balance sheet, assumptions under Ind AS 19 are set by reference to market conditions at the valuation date.

Particulars	As at 31st March, 2020	As at 31st March, 2019	As at 01st April, 2018
Expected Return on Plan Assets	6.56% p.a.	N.A	N.A
Rate of Discounting	6.56% p.a.	7.79% p.a.	7.73% p.a.
Salary escalation rate*	0.00% p.a. for the next 2 years, 6.26% p.a. for the next 1 year starting from the 3rd year, 5.00% p.a. thereafter starting from the 4th year	5.00% p.a.	5.00% p.a.
Rate of Employee Turnover	10.00% p.a.	5.00% p.a.	5.00% p.a.
Mortality Rate During Employment	Indian Assured Lives Mortality (2006-08) Ult	Indian Assured Lives Mortality (2006-08) Ult	Indian Assured Lives Mortality (2006-08) Ult
Mortality Rate After Employment	N.A	N.A	N.A

* takes into account the inflation, seniority, promotions and other relevant factors

v) Demographic assumptions

Particulars	As at 31st March, 2020	As at 31st March, 2019	As at 01st April, 2018
Mortality in Service :	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)

vi) Sensitivity **₹ in lakh**

Year ended 31st March, 2019	Change in assumption	Impact on defined benefit obligation	
		Decrease	Increase
Discount rate	Delta Effect of +1%/-1% Change in Rate of Discounting	1.62	(1.34)
Rate of Employee Turnover	Delta Effect of +1%/-1% Change in Rate of Employee Turnover	(0.01)	(0.06)
Salary escalation rate	Delta Effect of +1%/-1% Change in Rate of Salary Increase	1.38	1.65

₹ in lakh

Year ended 31st March, 2020	Change in assumption	Impact on defined benefit obligation	
		Decrease	Increase
Discount rate	Delta Effect of +1%/-1% Change in Rate of Discounting	2.53	(2.18)
Rate of Employee Turnover	Delta Effect of +1%/-1% Change in Rate of Employee Turnover	0.63	(0.65)
Salary escalation rate	Delta Effect of +1%/-1% Change in Rate of Salary	(1.80)	2.56

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

vii) Maturity (Analysis from the employer)
The defined benefit obligations shall mature after year end as follows: **₹ in lakh**

Particulars	As at 31st March, 2020	As at 31st March, 2019
1st Following Year	0.06	0.16
2nd Following Year	0.06	0.19
3rd Following Year	0.16	0.19
4th Following Year	2.40	0.19
5th Following Year	3.22	1.01
Sum of years 6 to 10	13.90	5.30
Sum of years 11 and above	32.28	34.51

The weighted average duration of the defined benefit obligation is 11 years (previous year - 15 years)

Gratuity is a defined benefit plan and Company is exposed to the following risks:

Interest rate risk:

A fall in the discount rate which is linked to the Government Security Rate will increase the present value of the liability requiring higher provision. A fall in the discount rate generally increases the mark to market value of the assets depending on the duration of asset.

Salary risk:

The present value of the defined benefit plan liability is calculated by reference to the future salaries of members. As such, an increase in the salary of the members more than assumed level will increase the plan's liability.

Investment risk:

The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. If the return on plan asset is below this rate, it will create a plan deficit. Currently, for the plan in India, it has a relatively balanced mix of investments in government securities, and other debt instruments.

Asset liability matching risk:

The plan faces the ALM risk as to the matching cash flow. Since the plan is invested in lines of Rule 101 of Income Tax Rules, 1962, this generally reduces ALM risk.

Mortality risk:

Since the benefits under the plan is not payable for life time and payable till retirement age only, the plan does not have any longevity risk.

33 Related party disclosure

(I) Key managerial personnel

Sr.No.	Name of the person	Designation	Date of Appointment
1	Ranjan Ghosh	Director	22nd March, 2017
2	Rishad Byramjee	Director	22nd March, 2017
3	Shailendra Apte	Director	06th December, 2016
4	Suresh Krishna Kodihalli	Independent Director	08th February, 2018
5	Jayshree Venkatesan	Independent Director	12th June, 2018
6	Prashant Thakker	Executive Director & CEO	01st June, 2019
7	Praveen Saha	Manager	12th April, 2019
8	Hiren Vasa	Chief Financial Officer	01st November, 2018
9	Bhumika Jani	Company Secretary	26th April, 2019

Key Managerial Personnel - Mr. Prashant Thakker	FY2020	FY2019
	₹ in lakh	₹ in lakh
a. Remuneration Paid	83.33	-
b. Share based payments(Number of options granted in lakh)	10.00	-

Key Managerial Personnel - Mr. Praveen Saha	FY2020	FY2019
	₹ in lakh	₹ in lakh
a. Remuneration Paid	55.00	-
b. Share based payments(Number of options granted in lakh)	3.00	-

Key Managerial Personnel - Mr. Hiren Vasa	FY2020	FY2019
	₹ in lakh	₹ in lakh
a. Remuneration Paid	18.00	16.50
b. Share based payments(Number of options granted in lakh)	0.75	-

(II) Other related parties

Nature of relationship	Name of the party
Holding Company	Centrum Capital Limited
Fellow subsidiaries	Centrum Retail Services Limited Centrum Financial Services Limited Centrum Housing Finance Limited Centrum Wealth Management Limited Centrum Broking Limited Centrum Insurance Brokers Limited
Enterprises where key managerial personnel of the Holding Company is involved	BG Advisory LLP Club7 Holidays Limited

a) Transactions during the year

Particulars	FY2020	FY2019
	₹ in lakh	₹ in lakh
Issue of equity shares		
Centrum Capital Limited	750.00	1,489.52
Capital Contribution		
Centrum Capital Limited	10.51	19.93
Property, plant and equipment purchased		
Centrum Insurance Brokers Limited	1.38	-
Issue of compulsorily convertible debentures		
Centrum Capital Limited	750.00	1,300.00
Centrum Financial Services Limited	1,500.00	-
Conversion of compulsorily convertible debentures		
Centrum Capital Limited	1,350.00	-
Issue of Non-convertible debentures		
Centrum Wealth Management Limited	-	5,107.00
Loans given		
Centrum Retail Services Limited (Inter-corporate deposit)	400.00	-
Centrum Financial Services Limited (Inter-corporate deposit)	800.00	-
Consideration paid for acquisition of portfolio under Direct Assignment		
Centrum Financial Services Limited	1,767.41	-
Repayments received against loans given		
Centrum Retail Services Limited (Inter-corporate deposit)	-	-
Centrum Financial Services Limited (Inter-corporate deposit)	800.00	-
Loans taken		
Centrum Retail Services Limited	-	10,500.00
Centrum Financial Services Limited	-	2,800.00
Centrum Capital Limited	-	10,500.00
Centrum Housing Finance Limited	500.00	1,000.00
Loans repaid		
Centrum Retail Services Limited	-	10,500.00
Centrum Financial Services Limited	-	2,800.00
Centrum Capital Limited	-	10,500.00
Centrum Housing Finance Limited	500.00	1,000.00

Particulars	FY2020	FY2019
	₹ in lakh	₹ in lakh
Income		
Interest Income		
Centrum Financial Services Limited	6.13	-
Centrum Retail Services Limited	13.68	-
Expenses		
Interest expenses		
Centrum Retail Services Limited	-	823.50
Centrum Financial Services Limited	59.84	29.69
BG Advisory LLP	45.00	45.00
Centrum Capital Limited	-	56.38
Centrum Capital Limited (CCD)	148.94	142.05
Centrum Housing Finance Limited	3.74	15.32
Centrum Wealth Management Limited	-	0.90
Processing fees		
Centrum Wealth Management Limited (Arranger fees)	114.33	63.84
Centrum Financial Services Limited (Service Fee on Direct Assignment)	7.50	-
Centrum Retail Service Limited (Loan processing fees)	-	52.50
Centrum Capital Limited(amortisation of corporate guarantee fee)	17.19	3.80
Rent		
Centrum Retail Services Limited	0.50	-
Centrum Financial Services Limited	0.09	0.01
Centrum Wealth Management Limited	0.34	0.23
Centrum Capital Limited	0.34	0.28
Travel fare		
Club7 Holidays Limited	6.13	3.00
Arranger fees		
Centrum Broking Limited	12.06	51.07
Expenses incurred on behalf of the related parties		
Centrum Financial Services Limited (MCA expenses reimbursed)	1.90	0.75
Group Allocation expenses		
Centrum Retail Services Limited	101.92	-
Reimbursement of expenses incurred on behalf of the Company		
Centrum Retail Services Limited	0.75	-
Centrum Capital Limited (Stamp duty)	-	19.00

All the income / expenses reported are exclusive of GST.

b) Balances at end of year

₹ in lakh

Particulars	As at 31st March, 2020	As at 31st March, 2019	As at 01st April, 2018
Debt securities			
Centrum Wealth Management Limited (non convertible debentures)	-	275.00	-
Centrum Capital Limited (compulsorily convertible debentures)	1,000.00	1,600.00	300.00
BG Advisory LLP (compulsorily convertible debentures)	300.00	300.00	300.00
Centrum Financial Services Limited (compulsorily convertible debentures)	1,500.00	-	-

₹ in lakh

Particulars	As at 31st March, 2020	As at 31st March, 2019	As at 01st April, 2018
Loan assets			
Centrum Retail Services Limited (inter-corporate deposits)	400.00	-	-
Other payables			
Club7 Holidays Limited	0.19	0.66	-
Centrum Capital Limited	0.40	0.55	-
Centrum Retail Services Limited	0.59	-	50.06
Centrum Wealth Management Limited	0.40	0.81	-
Centrum Financial Services Limited	-	-	23.23

34. Employee Stock Option Plan

EMPLOYEES INCENTIVE SCHEME (EIS)

The scheme has been approved by the shareholders of the Company at their General Meeting held on 22nd May, 2019. The Scheme has been notified by the Board vide Resolution dated 26th April, 2019. The same was notified by the Nomination and Remuneration Committee on 5th November, 2019. The eligibility to participate in the Scheme is subject to such criteria as may be decided by the Company/Board/ Committee at its own discretion, including, but not limited to the date of joining of the Employee with the Company/ Holding Company, grade of the Employee, performance evaluation, period of service with the Company/ Holding Company, criticality or any other criteria, as the Committee determines. The Scheme shall be applicable to the Company and the Holding Company, if any, and Options may be granted to the Employees of the Company and the Holding Company, if any, as determined by the Board/ Committee at their own discretion.

Presently, stock options have been granted under the following schemes:

i. CML Employee Incentive Scheme - Series I

ii. CML Employee Incentive Scheme - Series II

a. The Company has provided following share based options to its employees:

Particulars	CML EIS - Scheme I	CML EIS - Scheme II
Date of the grant	08-11-2019	08-11-2019
Date of board meeting, where the EIS Plan was approved	26-04-2019	26-04-2019
Date of committee meeting where grant of options were approved	05-11-2019	05-11-2019
Date of shareholders' approval	22-05-2019	22-05-2019
No. of options granted	13,00,000	2,50,000
Method of settlement	Equity	Equity
Vesting conditions	The actual vesting of options will depend on continuation to hold the services being provided to the Company at the time of exercise of options and such other conditions as mentioned in the Scheme.	The actual vesting of options will depend on continuation to hold the services being provided to the Company at the time of exercise of options and such other conditions as mentioned in the Scheme.
Vesting period (Years)	4	5
Exercise period (Years)	4	4

Details of Vesting and Exercise of Options

Scheme	Vested options	No of options exercised
CML EIS - Scheme I	-	-
CML EIS - Scheme II	-	-

i. The details of EIS Schemes are summarised below:

Particulars	As at 31st March, 2020		As at 31st March, 2020	
	CML EIS - Scheme I		CML EIS - Scheme II	
	No. of Options	Weighted average exercise price (₹)	No. of Options	Weighted average exercise price (₹)
Outstanding options at the beginning of the year	-	-	-	-
Granted during the year	1,300,000	10.00	250,000	10.00
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Number of shares arising as a result of exercise of options	-	-	-	-
Outstanding options at the end of the year	1,300,000	10.00	250,000	10.00
Exercisable at the end of the year	-	-	-	-
Weighted average fair value of the options exercisable	1,300,000	4.45	250,000	4.94

ii. Weighted average exercise price of option during the year ended 31st March, 2020: ₹ 10.00 (31st March, 2019: Nil)

iii. The detail of exercise price for stock option at the end of the financial year 2019-20 is:

Series	Range of exercise price	No. of options outstanding for exercise	Weighted average remaining contractual life of options (in Years)	Weighted average exercise price
CML - EIS: Series I	₹10.00 per option	1,300,000	8	₹ 10.00
CML - EIS: Series II	₹10.00 per option	250,000	9	₹ 10.00

iv. The fair value of the options granted is determined on the date of the grant using the "Black-Scholes option pricing model" with the following assumptions, as certified by an independent valuer:

Particulars	CML EIS - Scheme I	CML EIS - Scheme II
Date of the Grant	08-11-2019	08-11-2019
Fair market value of option on the date of the Grant	INR 4.45	INR 4.94
Exercise price	INR 10.00	INR 10.00
Expected volatility (%)	17.23%	20.67%
Expected option life (weighted average)	8	9
Expected dividends yield	-	-
Risk free interest rate (%)	6.82%	6.75%

The Index value of CNX NIFTY for Finance sector as available on the stock exchange had been used to draw the volatility for the purpose of fair value calculation.

v. The Company has recognised share based payment expense of ₹ 6.73 Lakh (March 31, 2019: Nil) during the year as a proportionate cost.

35 Financial risk management

The Company's activities expose it to market risk, liquidity risk and credit risk.

Risk	Exposure arising from	Risk Measurement	Risk Management
Credit risk	Cash and cash equivalents (excluding cash on hand), other bank balances, investments, loan assets, trade and other receivables and other financial assets	Ageing analysis credit ratings, credit limits	Loans are given under JLG(Joint Liability Group) model. Client on-boarding process, recovery process. Fixed deposits with highly rated banks/financial institutions.
Liquidity risk	Borrowings, debt securities, subordinated liabilities, trade payables and other financial liabilities	Cash flow forecasts	Committed borrowings and other credit facilities, securitisation and assignment of loan assets (whenever required) and Asset Liability Management
Market risk - interest rate	Changes in interest rate of variable rate borrowings, debt securities and subordinated liabilities	Sensitivity analysis	Review of cost of funds and pricing disbursement
Market risk - security prices	Investments in mutual funds	Sensitivity analysis	Portfolio diversification

The Company's Board of Directors have the overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors have established the Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the Board of Directors on its activities.

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 the limits. The risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The audit committee 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. The audit committee is assisted in its oversight role by the internal audit team. The internal audit team undertake both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

a) Credit risk management

Credit risk is the risk that the Company will incur a loss because its customers or counterparties fail to discharge their contractual obligations. The Company's exposure to credit risk is influenced mainly by cash and cash equivalents (excluding cash on hand), other bank balances and deposits with banks / financial institutions, investments, loan assets, trade and other receivables and other financial assets carried at amortised cost. The Company continuously monitors defaults of customers and other counterparties and incorporates this information into its credit risk controls. Based on business environment in which the Company operates, a default on a financial asset is considered when the counter party fails to make payments within the agreed time period as per contract.

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 receivables from customers or counterparties.

i) Credit risk management

The Company considers probability of default upon initial recognition of asset and whether there has been any significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Company compares the risk of default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available, reasonable and supportive forward-looking information.

Definition of Default

A default on a financial asset is considered when the counterparty fails to make the contractual payments within 90 days of the due date. Such financial assets are considered under Stage 3 (credit impaired) for the purpose of ECL calculation. This definition of default is determined by considering the business environment in which the Company operates and other macro-economic factors.

ii) Provision for expected credit losses

Risk category

a) Low risk : Risk associated with financial assets classified under Stage 1 for the purpose of ECL calculation.

b) Medium risk : Risk associated with financial assets classified under Stage 2 for the purpose of ECL calculation

c) High risk : Risk associated with financial assets classified under Stage 3 for the purpose of ECL calculation

As at 31st March, 2020 **₹ in lakh**

Particulars	Risk category	Asset group	Estimated exposure carrying amount at default	Expected credit losses (as per Ind AS)
Loss allowance measured at 12 month expected credit losses	Low risk	Loans	44,507.46	237.79
Loss allowance measured at life-time expected credit losses	Medium risk	Loans	48.04	0.25
Credit loss is recognized on full exposure/ asset is written-off	High risk	Loans	119.46	117.34
Provision kept				**355.38**

As at 31st March, 2019 **₹ in lakh**

Particulars	Risk category	Asset group	Estimated exposure carrying amount at default	Expected credit losses (as per Ind AS)
Loss allowance measured at 12 month expected credit losses	Low risk	Loans	21,815.83	183.62
Loss allowance measured at life-time expected credit losses	Medium risk	Loans	9.21	0.09
Credit loss is recognized on full exposure/ asset is written-off	High risk	Loans	37.06	33.85
Provision kept				**217.56**

As at 01st April, 2018 **₹ in lakh**

Particulars	Risk category	Asset group	Estimated exposure carrying amount at default	Expected credit losses (as per Ind AS)
Loss allowance measured at 12 month expected credit losses	Low risk	Loans	11,775.48	132.70
Loss allowance measured at life-time expected credit losses	Medium risk	Loans	12.30	0.15
Credit loss is recognized on full exposure/ asset is written-off	High risk	Loans	2.40	0.03
Provision kept				**132.88**

Cash and cash equivalents

Cash and cash equivalents include balance of 1844.03 lakh as at 31st March, 2020 (as at 31st March, 2019: ₹ 4591.69 lakh and 01st April, 2018: ₹ 505.79 lakh) is maintained as cash in hand and balances with banks/ financial institutions in current/deposit accounts.

Collaterals held

As of 31st March, 2020, all the exposure of the Company's loans were in unsecured portfolio except for assigned loans from related party. The Company provides microcredit to the un-served and under-served in urban, semi-urban and rural areas which are unsecured in nature.

All borrowers must meet the Company's internal credit assessment procedures, regardless of the nature of the loan.

Loans and advances/ Investments at amortised cost

The Company has major business in lending towards un-secured micro credit loans. Since these loans are un-secured, a general creditworthiness of a customer tends to be the most relevant indicator of credit quality of a loan extended to it.

Other types of collateral and credit enhancements

The Company provides microcredits to low income individuals. The Company assesses the financial aspects as well as the risks of the operation. The aim of credit scoring is to assess the creditworthiness of the applicant.

As at 31st March,2020, the Company did not hold any financial instruments for which no loss allowance is recognised because of collateral. During the period, there were no collateral policies issued by the Company.

Measurement of Expected Credit Losses

The Company has applied a three-stage approach to measure expected credit losses (ECL) on debt instruments accounted for at amortised cost. The assets migrate through following three stages based on the changes in credit quality since initial recognition:

(a) Stage 1(0-30 DPD): 12- months ECL: For exposures where there is no significant increase in credit risk since initial recognition and that are not credit-impaired upon origination, a 12- months ECL is recognized.

(b) Stage 2(31-90 DPD): Lifetime ECL, not credit-impaired: For credit exposures where there has been a significant increase in credit risk since initial recognition but are not credit-impaired, a lifetime ECL is recognized.

(c) Stage 3(more than 90 DPD): Lifetime ECL, credit-impaired: Financial assets are assessed as credit impaired upon occurrence of one or more events that have a detrimental impact on the estimated future cash flows of that asset. For financial assets that have become credit-impaired, a lifetime ECL is recognized and interest revenue is calculated by applying the effective interest rate on the amortised cost net-of ECL provision.

At each reporting date, the Company assesses whether there has been a significant increase in credit risk of its financial assets since initial recognition by comparing the risk of default occurring over the expected life of the asset. In determining whether credit risk has increased significantly since initial recognition, the Company uses information that is relevant and available without undue cost or effort. This includes the Company’s historical data of the borrowers and forward-looking information to assess deterioration in credit quality of a financial asset.

The Company assesses whether the credit risk on a financial asset has increased significantly on an individual and collective basis. For the purpose of collective evaluation of impairment, financial assets are grouped on the basis of shared credit risk characteristics, taking into account instrument type, date of initial recognition, remaining term to maturity, industry, geographical location of the borrower and other relevant factors. For the purpose of individual evaluation of impairment factors, internally collected data on customer payment records are considered.

In determining whether the credit risk on a financial asset has increased significantly, the Company considers the change in the risk of a default occurring since initial recognition. The default definition used for such assessment is consistent with that used for internal credit risk management purposes.

The Company considers defaulted assets as those which are contractually past due 90 days, other than those assets where there is empirical evidence to the contrary. Financial assets which are contractually past due 30 days upto 90 days are classified under Stage 2 - life time ECL, not credit impaired, barring those where there is empirical evidence to the contrary. An asset migrates down the ECL stage based on the change in the risk of a default occurring since initial recognition. If in a subsequent period, credit quality improves and reverses any previously assessed significant increase in credit risk since origination, then the loan loss provision stage reverses to 12-months ECL from lifetime ECL.

The Company measures the amount of ECL on a financial instrument in a way that reflects an unbiased and probability-weighted amount. The Company considers its historical loss experience and adjusts the same for current observable data. The key inputs into the measurement of ECL are the probability of default, loss given default and exposure at default. These parameters are derived from the Company's internally developed statistical models and other historical data.

Probability of Default (PD)
The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months (12-month PD), or over the remaining lifetime (Lifetime PD) of the obligation.

Loss Given Default (LGD)
LGD represents the Company's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and preference of claim and availability of collateral or other credit support.

Exposure at default (EAD)
EAD is based on the amounts the Company expects to be owed at the time of default. Forward-looking economic information (including management overlay) is included in determining the 12-month and lifetime PD, EAD and LGD. The assumptions underlying the expected credit loss are monitored and reviewed on an ongoing basis. In respect of trade receivables, the Company applies the simplified approach of Ind AS 109 – Financial Instruments, which requires measurement of loss allowance at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of trade receivables.

Macroeconomic Scenarios
In addition, the Company uses reasonable and supportable information on future economic conditions including macroeconomic factors such as inflation rate. Since incorporating these forward looking information increases the judgment as to how the changes in these macroeconomic factor will affect ECL, the methodology and assumptions are reviewed regularly.

iii) Reconciliation of loss allowance provision

For loans **₹ in lakh**

Reconciliation of loss allowance	Loss allowance measured at 12 month expected losses	Loss allowance measured at life-time expected losses	
		Financial assets for which credit risk has increased significantly and not credit-impaired	Financial assets for which credit risk has increased significantly and credit-impaired
Loss allowance on 01st April, 2018	**132.70**	**0.15**	**0.03**
Changes in loss allowances due to			
ECL during the year/ (reversal)	50.92	(0.06)	37.79
Write – offs	-	-	(3.97)
Loss allowance on 31st March, 2019	**183.62**	**0.09**	**33.85**
Changes in loss allowances due to			
ECL during the year/ (reversal)	54.17	0.16	83.49
Loss allowance on 31st March, 2020	**237.79**	**0.25**	**117.34**

Write-offs still under enforcement

The assets are written off when there is no reasonable expectation of recovery. The Company continues to engage with parties whose balances are written off and attempts to enforce repayment. Recoveries made are recognised in the statement of profit and loss.

Significant increase in credit risk

Based on business environment in which the Company operates, a default on a financial asset is considered when the counter party fails to make payments within the agreed time period as per contract. The Company assesses and manages credit risk based on movement of borrowers between stages as defined, historical data of the borrowers and forward looking information. The Company has established a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties.

Forward looking information

Management has assessed the impact of COVID-19 on significant increase in credit risk, impairment loss allowance and impairment on other assets. Refer note 45 for detailed disclosure regarding the same.

b) 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'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. Due to the dynamic nature of the underlying business, Company's treasury maintains flexibility in funding by maintaining availability under committed credit lines.

Financing arrangements

The Company has access to the following undrawn borrowing facilities at the end of the reporting period:

₹ in lakh

Particulars	As at 31st March, 2020	As at 31st March, 2019
Undrawn borrowing facilities	600.00	-

The below table analyses the Company's non-derivative financial liabilities and financial assets into relevant maturity groupings based on the remaining period as at the reporting date to the contractual maturity date. The amounts disclosed in the below table are the contractual un-discounted cash flows and exclude the impact of netting agreements and future interest payments.

As at 31st March, 2020 **₹ in lakh**

Particulars	Carrying amount	Contractual cash flows				
		upto 3 months	3 to 6 months	6 to 12 months	1 year to 3 years	Over 3 years
Non-derivative financial liabilities						
Payables	103.03	81.46	19.04	2.31	0.22	-
Debt securities	13,243.53	160.53	1,702.33	4,208.67	4,672.00	2,500.00
Borrowings (other than debt securities)	29,902.99	7,257.57	5,791.96	9,120.07	7,733.39	-
Subordinate Liabilities	1,005.38	5.38	-	-	-	1,000.00
Other financial liabilities	432.27	388.72	3.66	33.70	6.19	-
	44,687.20	**7,893.66**	**7,516.99**	**13,364.75**	**12,411.80**	**3,500.00**
Non-derivative financial assets						
Cash and cash equivalents	1,844.03	1,844.03	-	-	-	-
Bank balance other than cash and cash equivalents above	2,251.39	1,250.89	219.95	663.83	116.72	-
Receivables	14.97	14.97	-	-	-	-
Loans	44,824.42	6,669.91	8,789.12	14,641.60	14,604.45	119.34
Other financial assets	675.97	193.83	2.26	54.94	423.44	1.50
	49,610.78	**9,973.63**	**9,011.33**	**15,360.37**	**15,144.61**	**120.84**

As at 31st March, 2019 **₹ in lakh**

Particulars	Carrying amount	Contractual cash flows				
		upto 3 months	3 to 6 months	6 to 12 months	1 year to 3 years	Over 3 years
Non-derivative financial liabilities						
Payables	99.25	99.25	-	-	-	-
Debt securities	7,033.92	26.92	-	-	5,107.00	1,900.00
Borrowings (other than debt securities)	17,377.91	2,671.59	4,197.37	4,900.86	5,608.09	-
Other financial liabilities	59.90	14.53	11.77	23.67	9.93	-
	24,570.98	**2,812.29**	**4,209.14**	**4,924.53**	**10,725.02**	**1,900.00**
Non-derivative financial assets						
Cash and cash equivalents	4,591.69	4,591.69	-	-	-	-
Bank balance other than cash and cash equivalents above	1,033.65	9.67	500.00	-	523.98	-
Receivables	4.46	4.46	-	-	-	-
Loans	22,046.89	4,165.57	3,733.52	6,681.02	7,429.41	37.37
Other financial assets	77.08	27.96	0.50	8.27	28.30	12.05
	27,753.77	**8,799.35**	**4,234.02**	**6,689.29**	**7,981.69**	**49.42**

As at 01st April, 2018 ₹ in lakh

Particulars	Carrying amount	Contractual cash flows				
		upto 3 months	3 to 6 months	6 to 12 months	1 year to 3 years	Over 3 years
Non-derivative financial liabilities						
Trade payables	115.42	115.42	-	-	-	-
Debt securities	603.99	3.99	-	-	-	600.00
Borrowings (other than debt securities)	10,076.42	76.42	1,583.34	3,333.33	5,083.33	-
Other financial liabilities	108.09	20.27	11.27	22.63	53.92	-
	10,903.92	**216.10**	**1,594.61**	**3,355.96**	**5,137.25**	**600.00**
Non-derivative financial assets						
Cash and cash equivalents	505.79	505.79	-	-	-	-
Bank balance other than cash and cash equivalents above	107.27	6.27	-	101.00	-	-
Loans	11,831.48	2,460.31	2,130.38	3,471.97	3,766.42	2.40
Other financial assets	36.18	3.44	-	1.24	17.25	14.25
	12,480.72	**2,975.81**	**2,130.38**	**3,574.21**	**3,783.67**	**16.65**

c. Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

i) Price risk

Price risk exposes the Company to fluctuations in fair values or future cash flows of a financial instrument because of changes in market prices whether those changes are caused by factors specific to the individual financial instrument or its issuer or by factors affecting all similar financial instruments traded in the market.

The Company is not exposed to price risk as at 31st March, 2020 , 31st March, 2019 and 01st April, 2018 since the Company did not have any investments as on these reporting dates.

ii) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.
The Company is not exposed to currency risk as at 31st March, 2020, 31st March, 2019 and 01st April, 2018.

iii) Interest rate risk

The Company’s main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to variable cash flows due to interest rate risk. The Company’s fixed rate borrowings are carried at amortised cost. They 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.

Exposure to interest rate risk

The interest rate profile of the Company's variable interest-bearing financial instruments is as follows.

₹ in lakh

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
Variable-rate instruments			
Financial assets	-	-	-
Financial liabilities	9,012.68	5,332.10	-

All the financial assets and financial liabilities other than those reported above, of the Company are at a fixed rate.

Sensitivity

Profit or loss is sensitive to higher/ lower interest expense from borrowings as a result of changes in interest rates.

₹ in lakh

Particulars	Impact on profit before tax		Impact on Other equity	
	FY2020	FY2019	FY2020	FY2019
Interest rates – increase by 100 basis points (+ 1 %)*	(90.13)	(53.32)	-	-
Interest rates – decrease by 100 basis points (- 1%)*	90.13	53.32	-	-

36 Capital

The Company’s objectives when managing capital are to:

1. Safeguard it's ability to continue as a going concern, so that it can continue to provide returns to shareholders and benefits to other stakeholders, and
2. Maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Company determines the capital requirement based on annual operating plans and long-term and other strategic investment plans. The funding requirements are met through fundings and operating cash flows generated.

No changes have been made to the objectives, policies and processes from the previous years except those incorporated on account of regulatory amendments. However, they are under constant review by the Board.

As an NBFC, the RBI requires the Company to maintain a minimum capital to risk weighted assets ratio ("CRAR") consisting of Tier I and Tier II capital of 15% of the aggregate risk weighted assets. Further, the total of the Tier II capital cannot exceed 100% of the Tier I capital at any point of time. The capital management process of the Company ensures to maintain a healthy CRAR at all the times.

The Company has complied with the RBI notification number RBI/2019-20/170 DOR (NBFC).CC.PD. No.109/22.10.106/2019-20 dated 13th March,2020,"Implementation of Indian Accounting Standards".

Please refer note (xxii) - "Capital Adequacy Ratio" under additional disclosures related to RBI (note 51) for the detailed working of the same.

37 Maturity analysis of assets and liabilities

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

₹ in lakh

Particulars	As at 31st March, 2020			As at 31st March, 2019			As at 01st April, 2018		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Assets									
Financial assets									
Cash and cash equivalents	1,844.03	-	1,844.03	4,589.12	-	4,589.12	505.79	-	505.79
Bank balance other than cash and cash equivalents above	1,442.36	807.41	2,249.77	640.00	393.31	1,033.31	107.28	-	107.28
Receivables	14.97	-	14.97	4.46	-	4.46	-	-	-
Loans	29,793.42	14,526.16	44,319.58	14,184.89	7,459.65	21,644.54	7,944.65	3,712.65	11,657.30
Other financial assets	235.69	424.95	660.64	36.19	37.52	73.71	4.54	27.64	32.18
Non-financial assets									
Current tax assets (net)	-	108.68	108.68	-	1.18	1.18	-	1.18	1.18
Property, plant and equipment	-	147.27	147.27	-	77.11	77.11	-	23.38	23.38
Right of Use - Premises	-	19.89	19.89	-	53.28	53.28	-	91.75	91.75
Goodwill	-	2,501.35	2,501.35	-	1,578.60	1,578.60	-	1,578.60	1,578.60
Intangible Assets	-	11.76	11.76	-	-	-	-	-	-
Other non-financial assets	64.77	-	64.77	102.35	-	102.35	73.12	-	73.12
Total assets	**33,395.24**	**18,547.46**	**51,942.70**	**19,557.01**	**9,600.65**	**29,157.66**	**8,635.38**	**5,435.20**	**14,070.58**
Liabilities									
Financial liabilities									
Trade payables	-	-	-	-	-	-	-	-	-
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	103.03	-	103.03	99.25	-	99.25	115.43	-	115.43
Debt securities	5,983.98	7,107.24	13,091.22	26.92	6,878.73	6,905.65	3.99	600.00	603.99
Borrowings (other than debt securities)	22,037.01	7,682.76	29,719.77	11,686.46	5,561.31	17,247.77	4,950.06	5,038.84	9,988.90
Subordinate Liabilities	5.38	1,000.00	1,005.38	-	-	-	-	-	-
Other financial liabilities	417.48	3.07	420.55	46.91	9.28	56.19	49.37	48.19	97.56
Non-financial Liabilities									
Current tax liabilities (net)	-	-	-	-	51.25	51.25	-	-	-
Provisions	16.33	17.38	33.71	9.06	11.10	20.16	4.28	4.85	9.13
Deferred tax liabilities (Net)	-	140.83	140.83	-	48.38	48.38	-	26.73	26.73
Other non-financial liabilities	97.99	-	97.99	55.49	-	55.49	29.06	-	29.06
Total liabilities	**28,661.20**	**15,951.28**	**44,612.48**	**11,924.09**	**12,560.05**	**24,484.14**	**5,152.19**	**5,718.61**	**10,870.80**
Net	**4,734.04**	**2,596.19**	**7,330.22**	**7,632.92**	**(2,959.39)**	**4,673.52**	**3,483.19**	**(283.41)**	**3,199.78**

38 Change in liabilities arising from financing activities

₹ in lakh

Particulars	As at 01st April, 2018	Cash flows	Others	As at 31st March, 2019	Cash flows	Others	As at 31st March, 2020
Debt securities including interest accrued thereon	603.99	6,407.00	(105.34)	6,905.65	7,426.00	(1,240.43)	13,091.22
Borrowings other than debt securities including interest accrued thereon	9,988.90	7,173.45	85.42	17,247.77	3,450.86	9,021.14	29,719.77
Subordinated liabilities	-	-	-	-	1,000.00	5.38	1,005.38
Lease liabilities	88.56	(46.00)	10.85	53.41	(63.34)	21.39	11.45
Total liabilities from financing activities	**10,681.45**	**13,534.45**	**(9.07)**	**24,206.83**	**11,813.52**	**7,807.48**	**43,827.82**

39 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly observable or estimated using a valuation technique.

Financial Instrument by Category **₹ in lakh**

Particulars	As at 31st March, 2020			As at 31st March, 2019			As at 01st April, 2018		
	Fair Value through profit or loss	Fair Value through other comprehensive income	Amortised Cost	Fair Value through profit or loss	Fair Value through other comprehensive income	Amortised Cost	Fair Value through profit or loss	Fair Value through other comprehensive income	Amortised Cost
Financial Asset									
Cash and cash equivalents	-	-	1,844.03	-	-	4,589.12	-	-	505.79
Bank balance other than cash and cash equivalents above	-	-	2,249.77	-	-	1,033.31	-	-	107.28
Trade receivables	-	-	14.97	-	-	4.46	-	-	-
Loans	-	-	44,319.58	-	-	21,644.54	-	-	11,657.30
Other financial assets	-	-	660.64	-	-	73.71	-	-	32.18
Total Financial Assets	**-**	**-**	**49,088.99**	**-**	**-**	**27,345.14**	**-**	**-**	**12,302.55**
Financial Liability									
Trade payables	-	-	103.03	-	-	99.25	-	-	115.43
Debt securities including accrued interest	-	-	13,091.22	-	-	6,905.65	-	-	603.99
Borrowings (other than debt securities) including accrued interest	-	-	29,719.77	-	-	17,247.77	-	-	9,988.90
Subordinate Liabilities	-	-	1,005.38	-	-	-	-	-	-
Other financial liabilities	-	-	420.55	-	-	56.19	-	-	97.56
Total Financial Liabilities	**-**	**-**	**44,339.95**	**-**	**-**	**24,308.86**	**-**	**-**	**10,805.88**

Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

Fair value of financial instruments not measured at fair value

Set out below is a comparison, by class, of the carrying amounts and fair values of the Company's financial instruments that are not carried at fair value in the financial statements. This table does not include the fair values of non–financial assets and non-financial liabilities.

₹ in lakh

Financial assets and liabilities measured at amortised cost for which fair value is disclosed	Fair value hierarchy	As at 31st March, 2020		As at 31st March, 2019		As at 01st April, 2018	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets							
Cash and cash equivalents	Level 1	1,844.03	1,844.03	4,589.12	4,589.12	505.79	505.79
Bank balance other than cash and cash equivalents above	Level 2	2,249.77	2,249.77	1,033.31	1,033.31	107.28	107.28
Receivables							
(I) Trade receivables	Level 3	14.97	14.97	4.46	4.46	-	-
(II) Other receivables							
Loans	Level 3	44,319.58	44,319.58	21,644.54	21,644.54	11,657.30	11,657.30
Other financial assets	Level 3	660.64	660.64	73.71	73.71	32.18	32.18
Financial liabilities							
Payables							
(I)Trade payables	Level 3	103.03	103.03	99.25	99.25	115.43	115.43
(II)Other Payables							
Debt securities	Level 2	13,091.22	13,091.22	6,905.65	6,905.65	603.99	603.99
Borrowings (other than debt securities)	Level 2	29,719.77	29,719.77	17,247.77	17,247.77	9,988.90	9,988.90
Subordinate liabilities	Level 2	1,005.38	1,005.38	-	-	-	-
Other financial liabilities	Level 3	420.55	420.55	56.19	56.19	97.56	97.56

Notes:

The carrying amounts of cash and cash equivalents, bank balances other than cash and cash equivalents, receivables, other financials assets, payables, short term borrowings and other financial liabilities are considered to be approximately equal to their fair values due to their short term nature.

Valuation methodologies of financial instruments not measured at fair value

The fair values of loans and receivables, borrowings, debt securities and subordinate liabilities are calculated using a portfolio-based approach, grouping loans as far as possible into homogenous groups based on similar characteristics. This fair value is then reduced by impairment allowance which is already calculated incorporating probability of defaults and loss given defaults to arrive at fair value net of risk.

There are no transfers between levels 1 and 2 during the year. Similarly, there were no transfers from or transfer to level 3.

40 Leases

The following is the movement in lease liabilities: ₹ in lakh

Particulars	As at 31st March, 2020	As at 31st March, 2019
Balance as at the beginning of the year	53.41	88.55
Additions during the year	16.74	3.52
Finance cost accrued during the year	4.65	7.34
Deletions during the year	-	-
Rent paid in advance	(10.09)	-
Payment of lease liabilities during the year	(53.25)	(46.00)
Balance as at the end of the year	**11.46**	**53.41**

The following is the movement in lease liabilities: ₹ in lakh

Particulars	As at 31st March, 2020	As at 31st March, 2019	As at 1st April, 2018
Less than one year	17.00	47.19	45.17
One to five years	6.19	9.93	53.92
More than five years	-	-	-
Total	**23.19**	**57.12**	**99.09**

The amounts considered above are actual cash outflows. The lease liability in the balance sheet is the present value of these amounts as on the reporting date.

The following is the movement in right of use assets: ₹ in lakh

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Depreciation on Right of Use assets	50.61	42.11
Interest expense on lease liability	4.65	7.34
Total cash outflow for leases (rental payments)	53.25	46.00
Additions to Right of Use assets*	17.22	3.64
Carrying value of Right of Use assets	19.89	53.28

*This includes right of use assets created on account of security deposits.

As at 31st March, 2019 ₹ in lakh

Particulars	Carrying amount	upto 3 months	3 to 6 months	6 to 12 months	1 year to 3 year	Over 3 year
Lease liabilities	57.12	11.75	11.77	23.67	9.93	-

As at 31st March, 2020 ₹ in lakh

Particulars	Carrying amount	upto 3 months	3 to 6 months	6 to 12 months	1 year to 3 year	Over 3 year
Lease liabilities	23.19	6.95	3.66	6.39	6.19	-

The amounts considered above are actual cash outflows. The lease liability in the balance sheet is the present value of these amounts as on the reporting date.

The Company has taken various office premises under lease. Certain agreements provide for cancellation by either party or certain agreements contain clause for escalation and renewal of agreements. The non-cancellable operating lease agreements are ranging for a period of 3 months to 60 months. There are no restrictions imposed by lease arrangements.

The discounting rate of 10% has been applied to lease liabilities recognised in the balance sheet as at the reporting date.
The Company does not face a significant liquidity risk with regard to its lease liabilities as the assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

41 Business Combination

a. Summary of acquisition

In order to further strengthen the Company's foothold in the microfinance business, the Company entered into a Business Transfer Agreement (BTA) on 10th October, 2019 with Altura Financial Services Limited (a Delhi based NBFC-MFI) through which the Company acquired the microfinance business of the latter as a going concern on a slump sale basis with effect from 1st November, 2019.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

Purchase consideration	**₹ in lakh**
Cash paid	1,877.18
Total purchase consideration	**1,877.18**

The acquisition date fair values of the assets taken over and liabilities assumed as a result of the acquisition are as follows:

Particulars	**₹ in lakh**
Assets taken over:	
Microfinance loans	8,800.59
Property, plant and equipment	20.19
Deferred tax assets (on fair valuation)	1.62
Liabilities assumed:	
Borrowings from banks	(4,383.85)
Borrowings from financial institutions	(3,482.72)
Advances received	(1.40)
Net identifiable assets acquired	**954.43**

Calculation of goodwill	**₹ in lakh**
Consideration transferred	1,877.18
Less: Net identifiable assets acquired	954.43
Goodwill	**922.75**

There were no acquisitions in the year ended 31st March, 2019.

b. Purchase consideration - cash outflow

₹ in lakh

Particulars	**FY2020**	**FY2019**
Outflow of cash to acquire the microfinance business	1,877.18	-
Net outflow of cash - investing activities	**1,877.18**	**-**

Acquisition related costs

Acquisition related costs of ₹ 29.05 lakh are included in other expenses in the statement of profit and loss and in operating cash flows in the statement of cash flows.

Amount and factors for recognition of goodwill

(1) Amount of goodwill recognised:

₹ 922.75 lakh

The amount of goodwill was determined following the fair valuation method, using the income approach for loan portfolio and borrowings and cost approach for fixed assets.

(2) Factors for recognition of goodwill:

Since the acquisition cost exceeded the net amount of assets acquired and liabilities assumed, the excess amount is recorded as goodwill. The goodwill primarily reflects the excess earning capacity and synergistic effects with the existing business.

Goodwill is considered as a tax deductible expense.

Note that the previous year figures are not comparable on account of business combination.

42 Goodwill Impairment Testing

a. Goodwill

₹ in lakh

Particulars	As at 31st March, 2020	As at 31st March, 2019	As at 01st April, 2018
Balance at the beginning of the year	**1,578.60**	**1,578.60**	**1,578.60**
Goodwill arising on acquisitions	922.75	-	-
Balance at the end of the year	**2,501.35**	**1,578.60**	**1,578.60**

b. Goodwill impairment assessment

The Company tests whether goodwill has suffered any impairment on an annual basis and when the circumstances indicate that the carrying value may be impaired. The recoverable amount of the cash generating unit (CGU) was determined based on the higher of the CGU's (Cash generating unit's) fair value less costs of disposal and its value-in-use, the calculations of which require the use of assumptions. The calculations of the value in use consider the cash flow projections based on financial budgets approved by the management covering a five-year period. Cash flows beyond the five-year period are extrapolated using estimated growth rate.

The Company is primarily engaged in the business of financing and there are no separate reportable segments identified. Hence the entire business is considered as the cash generating unit for the purpose of allocating goodwill.

This represents the goodwill recognised on acquisition of the microfinance businesses of First Rand Bank and Altura Financial Services Limited. The Company believes that the carrying amount of the goodwill is recoverable.

43 Micro, small and medium enterprise

Based on the intimation received by the Company, some of the suppliers have confirmed to be registered under "The Micro, Small and Medium Enterprises Development ('MSMED') Act, 2006". Accordingly, the disclosures relating to amounts unpaid as at the year ended together with interest paid /payable are furnished below:

₹ in lakh

Particulars	As at 31st March, 2020	As at 31st March, 2019	As at 01st April, 2018
The principal amount remaining unpaid to supplier as at the end of the year	-	-	-
The interest due thereon remaining unpaid to supplier as at the end of the year	-	-	-
The amount of interest paid in terms of Section 16, along with the amount of payment made to the supplier beyond the appointed day during the year	-	-	-
The amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	-	-	-
The amount of interest accrued during the year and remaining unpaid at the end of the year	-	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro, Small and Medium enterprise Development Act, 2006	-	-	-

44 First-time adoption

A. Explanation of transition to Ind AS

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

The accounting policies set out in Note 1 have been applied in preparing the financial statements for the year ended 31st March, 2020, the comparative information presented in these financial statements for the year ended 31st March, 2019 and in the preparation of an opening Ind AS balance sheet at 1st April, 2018 (the Company's date of transition). An explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows including the balance sheet as at 1st April 2018 and Financial Statement as at 31st March 2019 is set out in the following tables and notes.

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

B. Ind AS optional exemptions

1. Deemed cost for property, plant and equipment and intangible assets

Ind AS 101 First-time adoption of Indian accounting standards permits a first-time adopter to elect to continue with the carrying value for all of its Property, Plant and Equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Asset. Accordingly, the Company has elected to measure all of its Property, Plant and Equipment and intangible assets at their previous GAAP carrying value at the date of transition.

2. Business Combination

Ind AS 103 Business Combinations has not been applied to acquisitions of business, which are considered businesses under Ind AS that occurred before April 01, 2018. Use of this exemption means that the Indian GAAP carrying amounts of assets and liabilities, that are required to be recognised under Ind AS, is their deemed cost at the date of the acquisition. After the date of the acquisition, measurement is in accordance with respective Ind AS. The Company recognises all assets acquired and liabilities assumed in a past business combination, except (i) certain financial assets and liabilities that were derecognised and that fall under the derecognition exception, and (ii) assets and liabilities that were not recognised in the acquirer's balance sheet under its previous GAAP and that would not qualify for recognition under Ind AS in the balance sheet of the acquiree. Assets and liabilities that do not qualify for recognition under Ind AS are excluded from the opening Ind AS balance sheet. The Company did not recognise or exclude any previously recognised amounts as a result of Ind AS recognition requirements.

3. Financial Instruments

Under Ind AS 109, if an entity measures a financial instrument on initial recognition based on valuation techniques that only use observable market data or current market transactions in the same instrument, and the fair value at initial recognition is different from the transaction price, then it is required to recognise the 'day one' gain or loss at initial recognition of this financial instrument. Ind AS 101 allows an entity to apply the 'day one' gain or loss recognition requirement of Ind AS 109 prospectively to transactions entered into on or after the date of transition to Ind AS. The Company has opted for this exemption to recognise the 'day one' gain or loss on initial recognition arising due to difference in transaction cost and fair value prospectively for transactions entered into on or after the date of transition to Ind AS. Further, Ind AS 109 requires a financial asset to be measured at amortised cost if it meets two tests that deal with the nature of the business that holds the assets and the nature of the cash flows arising on those assets. A first-time adopter must assess whether a financial asset meets the conditions on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

C. Ind AS mandatory exceptions

1. Estimates

An entity's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error. Ind AS estimates as at April 1, 2018 are consistent with the estimates as at the same date made in conformity with previous GAAP. The Company made estimates for following items in accordance with Ind AS at the date of transition as these were not required under previous GAAP:

a) Impairment of financial assets based on expected credit loss model

b) FVTPL- Equity and Debt Instruments

c) Corporate Guarantee Adjustment

2. Classification and measurement of financial assets and liabilities

Classification of financial asset is required to be made on the basis of the facts and circumstances that exist at the date of transition to Ind AS. Further, if it is impracticable for the Company to apply retrospectively the effective interest method in Ind AS 109 Financial instruments, the fair value of the financial asset or the financial liability at the date of transition to Ind AS shall be the new gross carrying amount of that financial asset or the new amortised cost of that financial liability at the date of transition to Ind AS.

3. De-recognition of financial assets

As per Ind AS 101 First-time adoption of Indian accounting standards, an entity shall apply the exception to the retrospective application in case of "Derecognition of financial assets and financial liabilities" wherein a first-time adopter shall apply the Derecognition requirements in Ind AS 109 Financial instruments prospectively for transactions occurring on or after the date of transition to Ind AS. The Company has opted not to re-evaluate financial assets derecognized in the past including those sold to asset restructuring companies.

Reconciliation of total equity as at 31st March, 2019

₹ in lakh

Particulars	As at 31st March, 2019		
	Previous GAAP*	Effect of transition to Ind AS	Ind AS
ASSETS			
Financial Assets			
Cash and cash equivalents	4,591.69	(2.57)	4,589.12
Bank balances other than cash and cash equivalents	1,033.65	(0.34)	1,033.31
Receivables			
(I) Trade receivables	4.46	-	4.46
(II) Other receivables	-	-	-
Loans	19,447.53	2,197.01	21,644.54
Other financial assets	111.88	(38.17)	73.71
Total financial assets	**25,189.21**	**2,155.93**	**27,345.14**
Non-financial assets			
Current tax assets (net)	1.18	-	1.18
Property, plant and equipment	77.11	-	77.11
Right of Use - Premises	-	53.28	53.28
Goodwill	1,578.60	-	1,578.60
Other Intangible assets	-	-	-
Other non-financial assets	102.35	-	102.35
Total non-financial assets	**1,759.24**	**53.28**	**1,812.52**
TOTAL ASSETS	**26,948.45**	**2,209.21**	**29,157.66**

₹ in lakh

Particulars	As at 31st March, 2019		
	Previous GAAP*	Effect of transition to Ind AS	Ind AS
LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
Payables			
Trade payables			
(i) total outstanding dues of micro enterprises and small enterprises	99.25	-	99.25
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	-
Other payables			
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	-
Debt securities	7,033.92	(128.27)	6,905.65
Borrowings (other than debt securities)	14,549.38	2,698.39	17,247.77
Subordinated liabilities	-	-	-
Other financial liabilities	228.99	(172.80)	56.19
Total financial liabilities	**21,911.54**	**2,397.32**	**24,308.86**
Non-financial liabilities			
Current tax liabilities (net)	51.25	-	51.25
Provisions	20.16	-	20.16
Deferred tax liabilities (net)	104.40	(56.02)	48.38
Other non-financial liabilities	55.99	(0.50)	55.49
Total non-financial liabilities	**231.80**	**(56.52)**	**175.28**
EQUITY			
Equity share capital	4,952.83	-	4,952.83
Other equity	(147.72)	(131.59)	(279.31)
Total equity	**4,805.11**	**(131.59)**	**4,673.52**
TOTAL LIABILITIES AND EQUITY	**26,948.45**	**2,209.21**	**29,157.66**

*The previous GAAP figures have been reclassified to confirm to Ind AS presentation requirements i.e. basis Division III of Schedule III of the Companies Act, 2013 for the purpose of this note. After reclassification, effect has been given for transition adjustments.

Reconciliation of total equity as at 1st April, 2018

₹ in lakh

Particulars	As at 1st April, 2018		
	Previous GAAP*	Effect of transition to Ind AS	Ind AS
ASSETS			
Financial Assets			
Cash and cash equivalents	505.79	-	505.79
Bank balances other than cash and cash equivalents	107.28	-	107.28
Receivables			
(I) Trade receivables	-	-	-
(II) Other receivables	-	-	-
Loans	11,803.59	(146.29)	11,657.30
Other financial assets	36.19	(4.01)	32.18
Total financial assets	**12,452.85**	**(150.30)**	**12,302.55**
Non-financial assets			
Current tax assets (net)	1.18	-	1.18
Property, plant and equipment	23.38	-	23.38
Right of Use - Premises	-	91.75	91.75
Goodwill	1,578.60	-	1,578.60
Other Intangible assets	-	-	-
Other non-financial assets	73.12	-	73.12
Total non-financial assets	**1,676.28**	**91.75**	**1,768.03**
TOTAL ASSETS	**14,129.13**	**(58.55)**	**14,070.58**
LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
Payables			
Trade payables			
(i) total outstanding dues of micro enterprises and small enterprises			
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	115.43	-	115.43
Other payables			
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	-
Debt securities	603.99	-	603.99
Borrowings (other than debt securities)	10,076.42	(87.52)	9,988.90
Subordinated liabilities	-	-	-
Other financial liabilities	9.00	88.56	97.56
Total financial liabilities	**10,804.84**	**1.04**	**10,805.88**
Non-financial liabilities			
Current tax liabilities (net)	-	-	-
Provisions	9.13	-	9.13
Deferred tax liabilities (net)	41.69	(14.96)	26.73
Other non-financial liabilities	30.56	(1.50)	29.06
Total non-financial liabilities	**81.38**	**(16.46)**	**64.92**
EQUITY			
Equity share capital	3,463.31	-	3,463.31
Other equity	(220.40)	(43.13)	(263.53)
Total equity	**3,242.91**	**(43.13)**	**3,199.78**
TOTAL LIABILITIES AND EQUITY	**14,129.13**	**(58.55)**	**14,070.58**

*The previous GAAP figures have been reclassified to confirm to Ind AS presentation requirements i.e. basis Division III of Schedule III of the Companies Act, 2013 for the purpose of this note. After reclassification, effect has been given for transition adjustments.

Reconciliation of Statement of Profit and Loss for the year ended 31st March, 2019 **₹ in lakh**

Particulars	Previous GAAP*	Effect of Transition to Ind AS	Ind AS
I. Income			
Revenue from operations			
Interest income	4,104.29	(50.81)	4,053.48
Fees and commission income	11.31	-	11.31
Net gain on fair value changes	19.38	-	19.38
Other operating revenue	77.73	(68.79)	8.94
Total revenue from operations	**4,212.71**	**(119.60)**	**4,093.11**
Other income	33.32	-	33.32
Total income	**4,246.03**	**(119.60)**	**4,126.43**
II. Expenses			
Finance costs	2,167.30	45.89	2,213.19
Impairment on financial instruments	104.68	(13.13)	91.55
Employee benefits expenses	1,178.61	1.65	1,180.26
Depreciation and amortisation	34.28	42.11	76.39
Other expenses	564.99	(45.01)	519.98
Total expenses	**4,049.86**	**31.51**	**4,081.37**
Profit before tax	**196.17**	**(151.11)**	**45.06**
Tax expense:			
Current tax	60.77	-	60.77
Deferred tax charge	62.71	(41.52)	21.19
Total tax expense	**123.48**	**(41.52)**	**81.96**
Profit/ (loss) for the year	**72.69**	**(109.59)**	**(36.90)**
Other comprehensive income / (loss) for the year			
Items that will not be reclassified to profit and loss			
Re-measurements of the defined benefit plans	-	1.65	1.65
Income tax relating to above items	-	(0.46)	(0.46)
Other comprehensive income	**-**	**1.19**	**1.19**
Total comprehensive income	**72.69**	**(108.40)**	**(35.71)**

*The previous GAAP figures have been reclassified to confirm to Ind AS presentation requirements i.e. basis Division III of Schedule III of the Companies Act, 2013 for the purpose of this note. After reclassification, effect has been given for transition adjustments.

D. Reconciliations between previous GAAP and Ind AS

Ind AS 101 First-time adoption of Indian accounting standards requires an entity to reconcile total equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from previous GAAP to Ind AS.

1. Reconciliation of total equity as at 31st March, 2019 and 01st April, 2018 **₹ in lakh**

Particulars	Notes to first time adoption	As at 31st March, 2019	As at 01st April, 2018
Total equity (shareholders' funds) as per previous GAAP		4,805.12	3,242.91
Adjustments:			
Fair valuation of interest free lease security deposits	3	(0.17)	(0.03)
EIR adjustments on loans	2	(184.78)	(41.30)
Impact of Ind AS 116 on leased premises		(2.84)	0.72
EIR adjustments on borrowings	1	(13.05)	(1.44)
Fair valuation of financial guarantee given by parent company	1	16.12	-
Provision for expected credit losses on loan assets/ fixed deposits	5	(2.90)	(16.03)
Deferred tax impact of Ind AS adjustments	7	56.02	14.95
Total adjustments		**(131.60)**	**(43.13)**
Total equity as per Ind AS		**4,673.52**	**3,199.78**

2. Reconciliation of profit and loss for the year **₹ in lakh**

Particulars	Notes to first time adoption	For the year ended 31st March, 2019
Profit after tax as per previous GAAP		72.70
Adjustments:		
Fair valuation of interest free lease security deposits	3	(0.14)
EIR adjustments on loans	2	(143.49)
Impact of Ind AS 116 on leased premises		(3.56)
EIR adjustments on borrowings	1	(11.61)
Fair valuation of financial guarantee given by parent company	1	(3.80)
Provision for expected credit losses on loan assets/ fixed deposits	5	13.13
Remeasurements of post-employment benefit obligations	8	(1.65)
Deferred tax impact on above items	7	41.52
Total adjustments		**(109.60)**
Profit after tax as per Ind AS		**(36.90)**
Remeasurement of defined benefit obligations		1.65
Tax impact on above		(0.46)
Total comprehensive income as per Ind AS		**(35.71)**

3. Impact of Ind AS adoption on statement of cash flows for the year ended on 31st March, 2019 **₹ in lakh**

Particulars	Note no.	Previous GAAP*	Adjustments	Ind AS
Net cash flows generated from/ (used) in operating activities	1	(8,234.74)	2,615.68	(10,850.43)
Net cash flows generated from/ (used) in investing activities		(68.63)	0.00	(68.63)
Net cash flows generated from/(used) in financing activities	2	12,389.27	(2,615.68)	15,004.96
Net increase / (decrease) in cash and cash equivalents		**4,085.90**	**(0.00)**	**4,085.90**
Cash and cash equivalents as at 01st April, 2018		**505.79**	**-**	**505.79**
Cash and cash equivalents as at 31st March, 2019		**4,591.69**	**(0.00)**	**4,591.69**

Notes

1. The adjustments are due to securitisation of loans and EIR adjustments.
2. The adjustments are due to securitisation under borrowings and EIR adjustments.

   *The previous GAAP figures have been reclassified to confirm to Ind AS presentation requirements i.e. basis Division III of Schedule III of the Companies Act, 2013 for the purpose of this note. After reclassification, effect has been given for transition adjustments.

NOTES TO FIRST TIME ADOPTION

1. Borrowings (including debt securities and subordinate liabilities)

Under previous GAAP, transaction costs incurred towards origination of borrowings were charged to statement of profit and loss on straight-line basis over the period of borrowing. Under Ind AS, such transaction costs are netted off from the carrying amount of borrowings on initial recognition. These transaction costs are then recognised in the statement of profit and loss over the tenure of such borrowings as part of the interest expense by applying the effective interest rate method.

2. Loan assets

Under previous GAAP, transaction costs received towards origination of loan assets were recognised in the statement of profit and loss. Under Ind AS, such transaction costs are adjusted from the carrying amount of loans on initial recognition. These transactions costs are recognised in the statement of profit and loss over the tenure of the such loans as part of the interest income. However, considering the volume of the transactions, the processing fee income has been amortised on a straight line basis over the tenure of the loan.

3. Security deposits paid

Under previous GAAP, security deposits were initially recognised at transaction price. Subsequently, finance income was recognised based on contractual terms, if any. Under Ind AS, such security deposits are initially recognised at fair value and subsequently carried at amortised cost determined using the effective interest rate. Any difference between transaction price and fair value is recognised in the statement of profit and loss unless it quantifies for recognition as some other type of asset.

4. Financial instruments carried at fair value through profit and loss

Under previous GAAP, investments in mutual funds were carried at cost or market value whichever is lower. Under Ind AS, such investments are carried at fair value through profit and loss (FVTPL).

5. Impairment of loan assets

Under previous GAAP, the Company created impairment allowance on loan assets basis the provisioning norms prescribed by Reserve Bank of India ('RBI'). Under Ind AS, impairment allowance has been determined based on expected credit loss ('ECL') model.

6. Securitisation

Under previous GAAP, the Company used to de-recognise the securitised loan assets and excess interest spread income was recognised on receipt basis. Under Ind AS 109, securitised loan assets does not meet the de-recognition criteria and accordingly, the Company continues to recognise such loan assets and in addition recognises a liability for the amount received. Accordingly, securitised loan assets and related liability is measured at amortised cost using effective interest method.

7. Deferred tax impact on adjustments

Retained earnings and statement of profit and loss have been adjusted consequent to the Ind AS transition adjustments with corresponding impact to deferred tax, wherever applicable.

8. Other comprehensive income

Under Ind AS, all items of income and expense recognised in a period should be included in the profit and loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit and loss but are shown in the statement of profit and loss as 'other comprehensive income' include re-measurements of defined benefit plans and their corresponding income tax effects. The concept of other comprehensive income did not exist under the previous GAAP.

45 COVID-19 Impact

The outbreak of COVID-19 pandemic across the globe and in India has contributed to a significant impact and volatility in the global and Indian financial markets and slowdown in the economic activities. The Reserve Bank of India (RBI) has issued guidelines relating to COVID-19 Regulatory Package dated 27th March, 2020 and 17th April, 2020 and in accordance therewith, the Company has adopted a policy and offered a moratorium of up to three months on the payment of all principal amounts and/or interest, as applicable, falling due between 1st March, 2020 and 31st May, 2020 to eligible borrowers classified as standard and up to 30 dpd, even if the said amounts were overdue on 29th February, 2020, excluding the collections already made in the month of March 2020. Extension of such moratorium benefit to borrowers as per the COVID-19 Regulatory package of the RBI by itself is not considered to result in significant increase in credit risk as per Ind AS 109 for staging of accounts. The staging classification of accounts as on 31st March, 2020 with respect to assets which were overdue though and standard and to whom moratorium has been granted was based on the days past due as on 29th February, 2020 keeping it at standstill (i.e. the number of days past due shall exclude the moratorium period for the purpose of asset classification as per the policy).

Further, the Company has used relevant indicators of moratorium, considering various measures taken by Government and other authorities and has made provisions as per the adopted ECL model for impairment on financial instruments and has also made further provisions as per regulations for all loans as on 31st March, 2020 under the IRACP (Income Recognition and Asset Classification and Provisioning) norms of the RBI and additional provisions for loans under moratorium as per regulations notified. The impact of COVID 19 pandemic is dependent on future developments which is highly uncertain, therefore the financial impact in subsequent periods may be different than presently assessed. Further, the management has also evaluated the impact of COVID 19 on all other assets of the Company and expects them to be recoverable as on date.

In terms of the requirement as per RBI notification no. RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated 13th March, 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 as compared to provision as per the Income Recognition, Asset Classification and Provisioning (IRACP) norms (including provision on standard assets). The impairment allowances under Ind AS 109 arrived at by the Company as per the required calculation under the Expected Credit Losses is lower than the provision required under IRACP (including standard asset provisioning), as at 31st March, 2020, and accordingly, the differential amount is appropriated to a separate impairment reserve.

46 Segment information

The Company's Chief Executive Officer (CEO) and Chief Operating Officer (COO) identified as the Chief Operating Decision Makers examine the Company's performance on an entity level. The Company has only one reportable segment i.e. microfinance lendings. The Company does not have any reportable geographical segment. Thus the segment revenue, segment results, total carrying value of segment assets and segment liabilities, total costs incurred to acquire segment assets, total amount of charge of depreciation during the period are all reflected in the financial statements. No single customer contributes more than 10% of the total revenue earned during the year. No separate segment reporting is required as per Ind AS 108 Operating Segments

47 Transfer of financial assets

Transferred financial assets that are not derecognised in their entirety

A) Securitisation

The Company has Securitised certain loans, however the Company has not transferred substantially all risks and rewards, hence these assets have not been de-recognised in their entirety.

The following tables provide a summary of the financial assets that have been transferred in such a way that part or all of the transferred financial assets do not qualify for derecognition, together with the associated liabilities:

₹ in lakh

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Securitisation		
Carrying amount of transferred assets measured at amortised cost	855.24	2,960.57
Carrying amount of associated liabilities (other than debt securities - measured at amortised cost)	768.38	2,828.53
Fair value of assets	855.24	2,960.57
Fair value of associated liabilities	768.38	2,828.53
Net Position at FV	**-**	**-**

The amounts reported above are excluding notional Ind AS adjustments.

B) Direct assignment

The Company has sold some loans (measured at amortised cost) by way of direct bilateral assignment, as a source of finance. As per the terms of these deals, since substantial risk and rewards related to these assets were transferred to the buyer, the assets have been de-recognised from the Company's balance sheet.

The table below summarises the amount of the derecognised financial assets measured at amortised cost and the gain/(loss) on derecognition, per type of asset.

₹ in lakh

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Assignment		
Amount of de-recognised financial asset	4,823.43	-
Carrying amount of retained assets at amortised cost*	439.37	-

The amounts reported above are excluding notional Ind AS adjustments.

₹ in lakh

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Assignment		
Gain on sale of de-recognised financial assets**	319.25	-

* The amount held as retention is 10% of the total value of assigned loans.

** The gain on direct assignment includes interest accrual classified under "Interest income on portfolio loans" of ₹14.25 lakh and net off expenses related to the direct assignment transaction of ₹37.31 lakh.

48 Dividend paid and proposed

The Company has not declared any dividend during the year. Further, no dividend is proposed for approval at the Annual General Meeting.

49 Events occurring after the reporting period

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

50 Expenditure in foreign currency

There are no expenditures incurred in foreign currency.

51 Additional disclosures as required by RBI

The additional disclosure notes required by the Reserve Bank of India (RBI) are prepared under the Indian Accounting Standards (Ind AS) issued by the Ministry of Corporate Affairs (MCA), unless otherwise stated.

i) Information on instances of fraud

Instances of fraud for the year ended 31st March, 2020: **₹ in lakh**

Nature of fraud	No. of cases	Amount of fraud	Recovery	Write-off
Cash embezzlement	8	2.15	1.65	-

Instances of fraud for the year ended 31st March, 2019: **₹in lakh**

Nature of fraud	No. of cases	Amount of fraud	Recovery	Write-off
Cash embezzlement	6	0.90	0.90	-

ii) Movement in non-performing assets (NPAs) **₹in lakh**

Particulars	As at 31st March, 2020	As at 31st March, 2019
(a) Net NPAs to Net Advances (%)	0.01%	0.01%
(b) Movement of NPAs (Gross)		
(I) Opening balance	37.06	2.40
(II) Additions during the year	98.65	49.94
(III) Reductions during the year	(16.25)	(15.28)
(IV) Closing balance	119.46	37.06
(c) Movement of Net NPAs		
(I) Opening balance	3.21	2.37
(II) Additions during the year	15.16	12.15
(III) Reductions during the year	(16.25)	(11.31)
(IV) Closing balance	2.12	3.21
(d) Movement of provisions for NPAs (excluding provision on standard assets)		
(I) Opening balance	33.85	0.03
(II) Additions during the year	83.49	37.79
(III) Write off/write back of excess provision	-	(3.97)
(IV) Closing balance	117.34	33.85

NPA accounts reported are stage 3 assets.

iii) (a) Disclosure relating to securitisation

The Company has entered into various agreements for the securitisation of loans with assignees, wherein it has securitised a part of its loans portfolio amounting to ₹ 1,295.75 lakh during the year ended 31st March, 2020 (31st March, 2019 ₹3,288.32 lakh), being the principal value outstanding as on the date of the deals that are outstanding. The Company is responsible for collection and getting servicing of this loan portfolio on behalf of investors/buyers. In terms of the said securitisation agreements, the Company pays to investor/buyers on agreed date basis the prorata collection amount as per individual agreement terms.

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

₹ in lakh

Particulars	**As at 31st March, 2020**	**As at 31st March, 2019**
No. of SPVs sponsored by the NBFC for securitisation transactions	2	3
Total amount of securitised assets as per books of the SPVs sponsored by the NBFC	855.24	2,960.57
Total amount of exposures retained by the NBFC to comply with MRR as on the date of the balance sheet	-	-
I) Off-balance sheet exposures		
- First loss		
- Others	-	-
II) On-balance sheet exposures		
- First loss (In the form of Security deposit)	241.89	284.09
- Others		-
Amount of exposures to securitisation transactions other than MRR		
I) Off-balance sheet exposures		
Exposure to own securitisations		
- First loss	-	-
- loss	-	-
Exposure to third party securitisations		
- First loss	-	-
- Others	-	-
II) On-balance sheet exposures		
Exposure to own securitisations		
- First loss	-	-
- Others	-	-
Exposure to third party securitisations		
- First loss	-	-
- Others	-	-

Total outstanding amounts and cash collateral as on the date of the balance sheet are excluding notional Ind AS adjustments.

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

₹ in lakh

Particulars	**As at 31st March, 2020**	**As at 31st March, 2019**
I) Total number of loan assets securitised during the year	7,595	17,864
II) Book value of loans assets securitised during the year	1,295.75	3,288.32
III) Consideration received during the year	1,218.01	3,014.61
IV) Credit enhancement provided during the year	241.89	284.09
V) Unamortised interest spread as at year end	-	-
VI) Interest spread recognised in the statement of profit and loss during the year	-	-
(including amortisation of unamortised interest spread) *	-	-

* Under Ind AS 109, securitised loan assets do not meet de-recognition criteria and accordingly, the Company continues to recognise such loan assets and in addition recognises a liability for the amount received. Accordingly, securitised loan assets and related liability is measured at amortised cost using effective interest method.

Details of financial asset sold to Securitisation/Reconstruction Company for asset reconstruction:

The Company has not sold financial assets to securitisation/reconstruction companies for asset reconstruction in the current and previous year.

iii) (b) Disclosure relating to direct assignment transactions
Detail of assignment transactions undertaken:-
The Company has entered into various agreements for the assignment of loans with assignees, wherein it has assigned a part of its loans portfolio amounting to ₹ 5359.37 Lakh* during the year ended 31st March, 2020 (31st March, 2019: Nil), being the principal value outstanding as on the date of the deals that are outstanding. In terms of accounting policy mentioned in Significant Accounting Policies. The Company has de-recognised these loan portfolios. The Company is responsible for collection and getting servicing of this loan portfolio on behalf of investors/buyers. In terms of the said assignment agreements, the Company pays to investor/buyers on agreed date basis the prorata collection amount as per individual agreement terms.

₹ in lakh

Particulars	As at 31 March 2020	As at 31 March 2019
(I)No. of accounts	27,747	-
(II)Aggregate value (net of provisions) of accounts assigned*	5,359.37	-
(III)Aggregate consideration	4,823.43	-
IV) Interest spread recognised in the statement of profit and loss during the year (including amortisation of interest spread net of related expenses)**	319.25	-

*The assigned value represents 100% of the portfolio. Of the above, the Company has retained 10% as MRR.
**Includes interest income of ₹ 14.25 lakh grouped under "Interest income on loan portfolio and net of related expenses of ₹ 37.31 lakh.

iv) Details of non-performing financial assets purchased/sold
The Company has not purchased/sold any non-performing financial assets (related to securitisation) during the current and previous year.

v) Details of financing of parent Company products
The Company has not financed the product of parent Company during the year ended 31 March 2020 (31 March 2019: Nil).

vi) Information on net interest margin during the year

Particulars	As at 31st March, 2020	As at 31st March, 2019
Average effective yield on loans (a)	24.26%	24.57%
Average effective cost of borrowing (b)	14.86%	15.38%
Net interest margin (a-b) (refer note below)	**9.40%**	**9.19%**

Note:
Net interest margin as on 31st March, 2020 is calculated based on Ind AS financial statements and does not include the impact of processing fees. Net interest margin as on 31st March, 2019 is based on previous IGAAP numbers and is computed in accordance with the method accepted by RBI vide its letter no DNBS.PD.NO.4906/03.10.038/ 2012-13 dated 4th April, 2013 to Micro-finance Institutions Network (MFIN) read with the FAQs issued by RBI on 14th October, 2016.

vii) Concentration of deposits:
There are no deposits taken during the year ended 31st March, 2020 (31st March, 2019 : Nil)

viii) Asset liability management

Maturity pattern of certain items of assets and liabilities as at 01st April, 2018

₹ in lakh

Particulars	Upto 30/31 days	Over 1 month upto 2 months	Over 2 months upto 3 months	Over 3 months and upto 6 months	Over 6 months and upto 1 year	Over 1 year and upto 3 years	Over 3 years and upto 5 years	Over 5 years	Total
Deposits	-	-	-	-	-	-	-	-	-
Advances	919.89	785.19	755.23	2,130.38	3,471.97	3,766.42	2.40	-	**11,831.48**
Investments	-	-	-	-	-	-	-	-	-
Borrowings	80.42	-	-	1,583.33	3,333.33	5,083.33	600.00	-	**10,680.41**
Foreign Currency assets	-	-	-	-	-	-	-	-	-
Foreign currency liabilities	-	-	-	-	-	-	-	-	-

The amount of advances and borrowings reported above are excluding notional Ind AS adjustments.

Maturity pattern of certain items of assets and liabilities as at 31st March 2019

₹ in lakh

Particulars	Upto 30/31 days	Over 1 month upto 2 months	Over 2 months upto 3 months	Over 3 months and upto 6 months	Over 6 months and upto 1 year	Over 1 year and upto 3 years	Over 3 years and upto 5 years	Over 5 years	Total
Deposits	-	-	-	-	-	-	-	-	-
Advances	1,561.09	1,316.90	1,287.58	3,733.52	6,681.02	7,429.41	37.37	-	**22,046.89**
Investments	-	-	-	-	-	-	-	-	-
Borrowings	1,008.06	840.08	850.37	4,197.37	4,900.86	10,715.09	1,900.00	-	**24,411.83**
Foreign Currency assets	-	-	-	-	-	-	-	-	-
Foreign currency liabilities	-	-	-	-	-	-	-	-	-

The amount of advances and borrowings reported above are excluding notional Ind AS adjustments.

Maturity pattern of certain items of assets and liabilities as at 31st March 2020

₹ in lakh

Particulars	Upto 30/31 days	Over 1 month upto 2 months	Over 2 months upto 3 months	Over 3 months and upto 6 months	Over 6 months and upto 1 year	Over 1 year and upto 3 years	Over 3 years and upto 5 years	Over 5 years	Total
Deposits	-	-	-	-	-	-	-	-	-
Advances*	827.85	2,926.85	2,915.21	8,789.12	14,641.60	14,604.45	119.34	-	**44,824.42**
Investments	-	-	-	-	-	-	-	-	-
Borrowings	3,473.01	1,976.29	1,974.17	7,494.30	13,328.74	12,405.39	2,500.00	1,000.00	**44,151.90**
Foreign Currency assets	-	-	-	-	-	-	-	-	-
Foreign currency liabilities	-	-	-	-	-	-	-	-	-

The amount of advances and borrowings reported above are excluding notional Ind AS adjustments.

*The Board of Directors of the Company have approved the moratorium policy on 31st March, 2020 for three months starting from 01st March, 2020 to 31st May, 2020 vide RBI circular dated 27th March, 2020, No. RBI/2019-20/ 186 DOR.No.BP.BC.47/21.04.048/2019-20 to eligible borrowers. Consequently, the effect of the moratorium policy as mentioned above has been considered while arriving at the maturity pattern as at 31st March, 2020. As guided by the above mentioned RBI circular, the Company offered moratorium to all its eligible customers as defined above. The Company has made changes in the maturity pattern for only those customers who have opted for moratorium in a particular month. Accordingly, the repayment dates have been shifted by a month's time for such customers. The Company plans to conduct this exercise at every month end till the time moratorium is granted for the customers who want to opt for moratorium after being aware of the additional interest being charged. The Company effectively communicates with all its customers on the moratorium policy through various means and shall continue to do so till the time moratorium has to be granted.

ix) Concentration of advances, exposure and NPAs : **₹ in lakh**

Particulars	As at 31st March, 2020	As at 31st March, 2019
Concentration of advances		
Total advances to twenty largest borrowers	1,595.27	9.25
(%) of advances to twenty largest borrowers to total advance	3.56%	0.04%
Concentration of exposures		
Total exposure to twenty largest borrowers/customers	1,595.27	9.25
(%) of exposure to twenty largest borrowers/customers to total exposure	3.56%	0.04%
Concentration of NPAs		
Total exposure to top four NPA accounts	1.42	1.08

The actual amount of exposure and advances are excluding notional Ind AS adjustments.

x) Sector-wise NPAs

Sector	As at 31st March, 2020	As at 31st March, 2019
	(%) of NPAs to total advances in that sector	
Agriculture and allied activities	0.06%	0.00%
MSME	-	-
Corporate borrowers	-	-
Services	-	-
Unsecured personal loans	0.34%	0.19%
Auto loans	-	-
Other personal loans	-	-

NPA accounts reported are stage 3 assets.

The amount of NPAs and advances considered while calculating the above percentages are excluding notional Ind AS adjustments.

xi) Draw down from Reserves

There has been no draw down from reserves during the year ended 31st March, 2020 (31st March, 2019: Nil).

xii) Overseas assets

The Company did not have any Joint Ventures and Subsidiaries abroad as at 31st March, 2020 (31st March, 2019: Nil).

xiii) Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the NBFC

The Company did not exceed the limits prescribed for Single and Group Borrower during the year ended 31st March, 2020 (31st March, 2019: Nil).

xiv) Customer complaints

Particulars	As at 31st March, 2020	As at 31st March, 2019
(a) Number of complaints pending at the beginning of the year	1	3
(b) Number of complaints received during the year	123	187
(c) Number of complaints redressed during the year	124	189
(d) Number of complaints pending at the end of the year	-	1

The Company has a Customer Grievance Redressal Mechanism for convenience of customers to register their complaints and for the Company to monitor and redress them.

xv) Registration obtained from other financial sector regulators

The Company is registered with following other financial sector regulators (Financial regulators as described by Ministry of Finance):

a. Ministry of Corporate Affairs

xvi) Investments: **₹ in lakh**

Particulars	**As at 31st March, 2020**	**As at 31st March, 2019**
(I) Value of investments		
Gross value of investments		
(a) in India	-	-
(b) outside India	-	-
Provisions for depreciation		
(a) in India	-	-
(b) outside India	-	-
Net value of investments		
(a) in India	-	-
(b) outside India	-	-
(II) Movement of provisions held towards depreciation on investments		
Opening balance	-	-
Add : Provisions made during the year	-	-
Less : Write-off / write-back of excess provisions during the year	-	-
Closing balance	-	-

xvii) Derivatives

The Company has no transactions/exposure in derivatives in the current and previous year. The Company has no unhedged foreign currency exposure as on 31st March, 2020 (31st March, 2019: Nil).

xviii) Exposure to real estate sector

The Company has no exposure to the real estate sector and capital market directly or indirectly as at 31st March, 2020 (31st March, 2019: Nil).

xix) Exposure to capital markets

The Company does not have any direct or indirect exposure towards capital markets as at 31st March, 2020 (31st March, 2019: Nil).

xx) Penalties imposed by RBI and other regulators

No penalties have been imposed by RBI and other regulators during the year ended 31st March, 2020 (31st March, 2019: Nil).

xxi) Break up of provisions and contingencies shown under the head other expenditure in statement of profit and loss

₹ in lakh

Particulars	**FY2020**	**FY2019**
Provision towards non-performing assets*	83.48	33.82
Provision for depreciation on investment	-	-
Provision made towards Income tax (including deferred tax)	94.15	81.96
Provision towards other receivables and fixed deposits	11.30	2.90
Provision for standard assets**	-	-
Other provisions and contingencies		
Provisions towards impairment of financial instruments other than provision for stage 3 assets**	54.34	50.86

* It comprises of provision for stage 3 assets.

** Provision for standard assets are included in provisions towards impairment of financial instruments other than provision for stage 3 assets

xxii) Capital Adequacy Ratio

Capital to risk assets ratio (CRAR):	As at 31st March, 2020 #	As at 31st March, 2019	As at 01st April, 2018
Risk weighted assets (₹ in lakh)	45,043	19,816	12,052
CRAR (%)	18.96%	23.40%	18.85%
CRAR - Tier I capital (%)	10.18%	13.75%	12.93%
CRAR - Tier II capital (%)	8.78%	9.65%	5.92%
Amount of subordinated debt considered as Tier II capital (₹ in lakh)	1,005	-	-
Amount raised by issue of perpetual debt instruments	-	-	-

The CRARs reported as at 31st March, 2019 and 01st April, 2018 are based on the IGAAP numbers as previously reported.

Calculated as per RBI notification RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 “Implementation of Indian Accounting Standards” issued by RBI on 13th March, 2020.

Tier I capital, Tier II capital and owned fund are calculated as defined in Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 and notification RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 “Implementation of Indian Accounting Standards” issued by RBI on 13th March, 2020.

xxiii) Asset classification as per RBI norms

Loan portfolio has been classified in accordance with the directives issued by the Reserve Bank of India (Master Circular-Introduction of New Category of NBFCs - ‘Non Banking Financial Company-Micro Finance Institutions’ (NBFC-MFIs) - Directions). The necessary provisions as per RBI norms prescribed vide notification RBI/2019-20/170 DOR (NBFC).CC.PD. No.109/22.10.106/2019-20 “Implementation of Indian Accounting Standards” issued by RBI on 13th March, 2020." have been made. Table below:

₹ in lakh

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
Performing Assets						
Standard	Stage 1	44,507.46	237.79	44,269.67	324.45	86.66
	Stage 2	48.04	0.25	47.79	0.48	0.23
Subtotal		**44,555.50**	**238.04**	**44,317.46**	**324.93**	**86.89**
Non-Performing Assets (NPA)						
Substandard	Stage 3	91.42	91.25	0.17	91.42	0.17
Doubtful - up to 1 year	Stage 3	28.04	26.09	1.96	28.04	1.95
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful		**119.46**	**117.34**	**2.13**	**119.46**	**2.12**
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		**119.46**	**117.34**	**2.13**	**119.46**	**2.12**
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal						
Total	**Stage 1**	**44,507.46**	**237.79**	**44,269.67**	**324.45**	**86.66**
	Stage 2	**48.04**	**0.25**	**47.79**	**0.48**	**0.23**
	Stage 3	**119.46**	**117.34**	**2.13**	**119.46**	**2.12**

xxiv) Asset classification and provisioning disclosure

Disclosure as per the circular no DOR.No.BP.BC.63/21.04.048/2019-20 dated April 17, 2020 issued by Reserve Bank of India on "COVID 19 regulatory package - Asset Classification and provisioning As on 31st March,2020

a) Amounts in SMA/overdue categories where moratorium/deferment was extended in terms of paragraph 2 and 3 of the above circular

SMA category	₹ in lakh
SMA 0	12.43
SMA 1	-
SMA 2	-
Total	**12.43**

b) Respective amount where asset classification benefit is extended : Nil

c) Provisions made during quarter ended 31st March, 2020 in terms of paragraph 5 of the above circular : The provision made by the Company as per the ECL model is arrived at less than the provision required as per IRAC norms which is inclusive of additional 5% provision on SMA 0 loans amounting to ₹ 0.62 lakh as per the above circular.

d) Provisions adjusted against the respective accounting periods for slippages and residual provisions in terms of paragraph 6 of the above circular : Not applicable

xxv) Unsecured loans and advances

All loans of the Company are unsecured except for loans assigned by a related party.

xxvi) Loans restructured during the year

No loans have been restructured during the year.

xxvii) Disclosure on liquidity risk under RBI circular no. RBI/2019-20/88 DOR.NBFC (PD) CC. No.102/03.10.001/2019-20 dated November 04, 2019 on Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies

a. Funding Concentration based on significant counterparty (borrowings, debt securities and subordinated liabilities)

Particulars	As at 31st March, 2020
No. of Significant Counterparties*	14
Amount (₹ in lakh) #	31,436.75
Percentage of funding concentration to total deposits	Not Applicable
Percentage of funding concentration to total liabilities	70.47%

*Significant counterparty is as defined in RBI Circular RBI/2019-20/88 DOR.NBFC (PD) CC.No.102/03.10.001/2019-20 dated 4 November 2019 on Liquidity Risk Management Framework for Non Banking Financial Companies and Core Investment Companies.

b. Top 20 large deposits: Not Applicable

c. Top 10 Borrowings

Particulars	As at 31st March, 2020
Total amount of top 10 borrowings (₹ in lakh) #	28,375.91
Percentage of amount of top 10 borrowings to total borrowings	64.29%

d. Funding concentration based on significant instrument / product**:

Particulars	₹ in lakh #	% of Total liabilities
Non-convertible debentures	10,443.53	23.41%
Compulsorily convertible debentures	2,800.00	6.28%
Term loan from banks	5,997.42	13.44%
Term loan from financial institutions	21,847.14	48.97%
Subordinated Liability	1,005.38	2.25%
Securitisation liability	768.38	1.72%
Short Term Facilities	1,278.64	2.87%

**Significant instrument/product is as defined in RBI Circular RBI/2019-20/88 DOR.NBFC (PD) CC.No.102/03.10.001 /2019-20 dated 4 November 2019 on Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies.

e. Stock Ratios:

Particulars	As at 31st March, 2020
I Commercial Papers to Total Liabilities	Not Applicable
II Commercial Papers to Total Assets	Not Applicable
III Commercial Papers to Public funds***	Not Applicable
IV NCD(Original Maturity < 1yrs.) to Total Liabilities	0.00%
V NCD(Original Maturity < 1yrs.) to Total Assets	0.00%
VI NCD(Original Maturity < 1yrs.) to Public funds***	0.00%
VII Other Short Term Liabilities to Total Liabilities ##	63.99%
VIII Other Short Term Liabilities to Total Assets ##	54.96%
IX Other Short Term Liabilities to Public funds*** ##	69.05%

"*** Public funds is as defined in Master Direction - Non-Banking Financial Company -
Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Direction, 2016.

All the above numbers are excluding notional Ind AS adjustments.

Other short term liabilities include all the financial liabilities maturing within next 12 months.

f. Institutional set-up for liquidity risk management:

Centrum Microcredit Ltd. has an Asset Liability Management Committee (ALCO), a management level committee to handle liquidity risk management. The ALCO meetings are held at periodic intervals. At the apex level, the Management Committee (ManCom), a sub-committee of the Board of Directors of the Company, oversees the liquidity risk management. The ManCom subsequently updates the Board of Directors on the same.

xxviii) Rating assigned by credit rating agencies and migration of ratings during the year

The CARE Ratings has assigned the rating BBB; Stable (Triple B; Outlook: Stable) towards the Company's long-term facilities during the year.

As per our report of even date

For Haribhakti & Co. LLP
Chartered Accountants
ICAI Firm Registration No.103523W/W100048

For and on behalf of Board of Directors of
Centrum Microcredit Limited

Sumant Sakhardande
Partner
Membership No 034828

Ranjan Ghosh
Chairman
DIN 07592235

Prashant Thakker
Executive Director & CEO
DIN 07405451

Hiren Vasa
Chief Financial Officer

Bhumika Jani
Company Secretary

Mumbai
11th May, 2020

Mumbai
11th May, 2020

Mumbai
11th May, 2020

Other RBI disclosures

52 Schedule to the Balance Sheet of (as required in terms of paragraph 13 of Systemically Important Non-Banking Financial (Non- Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015

₹ in lakh

Particulars	As at 31st March, 2020		As at 31st March, 2019	
Liabilities side :				
1) Loans and advances availed by the non- banking financial Company inclusive of interest accrued thereon but not paid:	**Amount outstanding**	**Amount overdue**	**Amount outstanding**	**Amount overdue**
(a) Debentures : Secured	10,130.69	-	4,978.73	-
: Unsecured	2,800.00	-	1,900.00	-
(other than falling within the meaning of public deposits)				
(b) Deferred credits	-	-	-	-
(c) Term loans	27,528.00	-	14,381.62	-
(d) Inter-corporate loans and borrowing	-	-	-	-
(e) Commercial paper	-	-	-	-
(f) Public deposits				
(g) Other loans (Securitisation liability and Bank overdraft)	2,047.01	-	2,828.53	-
Assets side :				
2) Break-up of Loans and Advances including bills receivables [other than those included in (4) below]	**Amount outstanding**	**Amount overdue**	**Amount outstanding**	**Amount overdue**
(a) Secured	-	-	-	-
(b) Unsecured	43,994.71	119.46	21,534.58	37.06
Total	**43,994.71**	**119.46**	**21,534.58**	**37.06**
3) Break up of leased assets and stock on hire and other assets counting towards AFC activities				
(i) Lease assets including lease rentals under sundry debtors:				
(a) Financial lease	-	-	-	-
(b) Operating lease	-	-	-	-
(ii) Stock on hire including hire charges under sundry debtors:				
(a) Assets on hire	-	-	-	-
(b) Repossessed assets	-	-	-	-
(iii) Other loans counting towards AFC activities				
(a) Loans where assets have been repossessed	-	-	-	-
(b) Loans other than (a) above	-	-	-	-

4) Break-up of investments :				
Current investments :				
1. Quoted				
(i) Shares : (a) Equity	-	-	-	-
(b) Preference	-	-	-	-
(ii) Debentures and bonds	-	-	-	-
(iii) Units of mutual funds	-	-	-	-
(iv) Government securities	-	-	-	-
(v) Others (please specify)	-	-	-	-
2. Unquoted				
(i) Shares : (a) Equity	-	-	-	-
(b) Preference	-	-	-	-
(ii) Debentures and bonds	-	-	-	-
(iii) Units of mutual funds	-	-	-	-
(iv) Government securities	-	-	-	-
(v) Others (please specify)	-	-	-	-
Long term investments :				
1. Quoted				
(i) Shares : (a) Equity	-	-	-	-
(b) Preference	-	-	-	-
(ii) Debentures and bonds	-	-	-	-
(iii) Units of mutual funds	-	-	-	-
(iv) Government securities	-	-	-	-
(v) Others (please specify)	-	-	-	-
2. Unquoted				
(i) Shares : (a) Equity	-	-	-	-
(b) Preference	-	-	-	-
(ii) Debentures and bonds	-	-	-	-
(iii) Units of mutual funds	-	-	-	-
(iv) Government securities	-	-	-	-
(v) Others (Investment in private equity funds and investment property)	-	-	-	-
Total	**-**	**-**	**-**	**-**

53 Schedule to the Balance Sheet (as required in terms of paragraph 13 of Systemically Important Non-Banking Financial (Non- Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015

₹ in lakh

Particulars	As at 31st March, 2020			As at 31st March, 2019		
5) Borrower group-wise classification of assets financed as in (2) and (3) above:	**Amount net of provision (Refer note 33)**			**Amount net of provision (Refer note 33)**		
Category	**Secured**	**Unsecured**	**Total**	**Secured**	**Unsecured**	**Total**
1. Related Parties						
(a) Subsidiaries	-	-	-	-	-	-
(b) Companies in the same group	-	1,574.26	1,574.26	-	-	-
(c) Other related parties	-	-	-	-	-	-
2. Other than related parties	-	42,530.29	42,530.29	-	21,571.64	21,571.64
Total	**-**	**44,104.55**	**44,104.55**	**-**	**21,571.64**	**21,571.64**
6) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted)						
Category	**Market Value / Break up or fair value or NAV**	**Book Value (Net of provisions)**	**Total**	**Market Value / Break up or fair value or NAV**	**Book Value (Net of provisions)**	**Total**
1. Related Parties						
(a) Subsidiaries	-	-	-	-	-	-
(b) Companies in the same group	-	-	-	-	-	-
(c) Other related parties	-	-	-	-	-	-
2. Other than related parties	-	-	-	-	-	-
Total	**-**	-	**-**	**-**	**-**	**-**
7) Other Information						
Particulars	**Amount**	**Amount**	**Total**	**Amount**	**Amount**	**Total**
(i) Gross non- performing assets						
(a) Related parties	-	-	-	-	-	-
(b) Other than related parties	-	119.46	119.46	-	37.06	37.06
(ii) Net non- performing assets			-			-
(a) Related parties	-	-	-	-	-	-
(b) Other than related parties	-	2.12	2.12	-	3.21	3.21
(iii) Assets acquired in satisfaction of debt	-	-	-	-	-	-

Note:

Provisioning has been done as per ECL under Ind AS provisions as applicable vide RBI circular dated 13th March, 2020.

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CENTRUM
micro credit

Centrum Microcredit Limited

(Formerly known as Centrum Microcredit Private Limited)

Registered Office:

Level-9 Unit 801, Centrum House, Vidyanagari Marg Kalina,Santacruz East Mumbai – 400098.

Corporate Office:

Office 402,4th Floor,Neelkanth Corporate Park Kirol Road,Vidyavihar (West), Mumbai – 400086.

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https://www.linkedin.com/company/centrum-microcredit-limited/