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Chartered Accountants

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Independent Auditor's Report

To the Members of Annapurna Finance Private Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Annapurna Finance Private Limited (hereinafter referred to as the "Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as the "Group"), which comprise the consolidated balance sheet as at 31 March 2022, and the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as the "consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditors on separate financial statements of such subsidiaries as were audited by the other auditors, the aforesaid consolidated 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, of the consolidated state of affairs of the Group as at 31 March 2022, of its consolidated profit and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing ("SAs") specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence obtained by us along with the consideration of reports of other auditors referred to in paragraph (a) of the "Other Matters" section below, is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment and based on the consideration of reports of other auditor on separate financial statements of subsidiaries audited by them, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Report on the Audit of the Consolidated Financial Statements *(Continued)*

Key Audit Matters *(Continued)*

Description of Key Audit Matter

Key audit matter	How the matter was addressed in our audit
Impairment of loans to customers Charge: INR 19,383 lakhs for year ended 31 March 2022 Provision: INR 44,461 lakhs as at 31 March 2022	
Refer to the accounting policies in "Note 3 (xv) (A) (III) to the Consolidated Financial Statements: Impairment of financial assets", "Note 3.1 to the Consolidated Financial Statements: Significant Accounting Policies- use of estimates and judgments" and "Note 8 to the Consolidated Financial Statements: Loans and Advances"	
Subjective estimate Under Ind AS 109, Financial Instruments, allowance for loan losses are determined using expected credit loss ("ECL") estimation model. The estimation of ECL on financial instruments involves significant judgement and estimates. The key areas where we identified greater levels of judgement and therefore increased levels of audit focus in the Group's estimation of ECLs are: • Data inputs - The application of ECL model requires several data inputs. This increases the risk of completeness and accuracy of the data used to create assumptions in the model. • Model estimations – Inherently judgmental models are used to estimate ECL which involves determining Probabilities of Default ("PD"), Loss Given Default ("LGD"), and Exposures at Default ("EAD"). The PD and the LGD are the key drivers of estimation complexity in ECL and as a result are considered the most significant judgmental aspect of the Group's modelling approach.	In view of the significance of the matter, we applied the following audit procedures in this area, among others to obtain sufficient audit evidence: **Testing of design and operating effectiveness of controls:** Performing end to end process walkthroughs to identify the key systems, applications and controls used in computation of ECL. Testing the relevant manual (including spreadsheet controls), general IT and application controls over key systems used in computation of ECL. *Key aspects of our controls testing involved the following:* • Testing the design and operating effectiveness of the key controls over the completeness and accuracy of the key inputs, data and assumptions into the Ind AS 109 impairment models. • Testing the 'Governance Framework' controls over evaluation, implementation and model monitoring in line with Reserve Bank of India guidance. • Testing the design and operating effectiveness of the key controls over the application of the staging criteria. • Testing key controls relating to selection and implementation of key macro-economic variables and the controls over the scenario selection and application of probability weights. • Testing controls over authorisation and computation of post model adjustments i.e. management overlays.

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Key audit matter	How the matter was addressed in our audit
Impairment of loans to customers *(Continued)*	
• Economic scenarios – Ind AS 109 requires the Group to measure ECLs on an unbiased forward-looking basis reflecting a range of future economic conditions. Significant judgement is applied in determining the economic scenarios used and the probability weights applied to them especially when considering the current uncertain economic environment arising from COVID-19. • Qualitative adjustments - Adjustments to the model-driven ECL results are recorded to address known impairment model limitations or emerging trends as well as risks not captured by models. They represent approximately 9% of ECL balances as at 31 March 2022. These adjustments are inherently uncertain and significant judgement is involved in estimating these amounts especially in relation to economic uncertainty as a result of COVID-19. The underlying forecasts and assumptions used in the estimates of impairment loss allowance are subject to uncertainties which are often outside the control of the Group. The extent to which the COVID-19 pandemic will impact the Group's current estimate of impairment loss allowances is dependent on future developments, which are highly uncertain at this point. Given the size of loan portfolio relative to the balance sheet and the impact of impairment allowance on the consolidated financial statements, we have considered this as a key audit matter.	• Testing key controls operating over the information technology system in relation to loan impairment including system access and change management, program development and computer operations. Involvement of specialists - we involved financial risk modelling specialists for the following: • Evaluating the Group's Ind AS 109 impairment methodologies and assumptions used (including management overlays). • Evaluating the relevance of inputs used in the model for computation of ECL. • Testing the Group's considerations of the impact of the current economic environment due to COVID-19 on ECL determination. **Test of details:** Key aspects of our testing included: • Testing samples over key inputs, data and assumptions impacting ECL computations to assess the completeness, accuracy and relevance of data, economic forecasts, weights, and model assumptions applied. • Testing model computations through re-performance, where applicable. • Testing post model adjustments, considering the size and complexity of management overlays with a focus on COVID-19 related overlays, in order to assess the adjustments by challenging key assumptions, inspecting the methodology and tracing a sample of the data used back to source data.
Key audit matter	**How the matter was addressed in our audit**
Information technology	
Information Technology (IT) systems and controls The Holding Company's key financial accounting and reporting processes are dependent on the automated controls in the information systems.	In view of the significance of the matter we applied the following audit procedures in this area, among others to obtain sufficient audit evidence: • Evaluating the design and implementation and operating effectiveness of the scoped-in IT systems.

Key audit matter	How the matter was addressed in our audit
Information technology ***(Continued)***	
There exists a risk in the IT control environment which could result in the financial accounting and reporting records being misstated. Further, during the year, one of the loan origination systems where MSME loans are recorded has been migrated to a new system.	• Testing a sample of key controls operating over the information technology in relation to financial accounting and reporting systems. • Testing the design and operating effectiveness of a sample of key controls over user access management. Access management includes granting access rights, access right modification, removal of user rights and preventative controls designed to enforce segregation of duties. • Reperforming procedures to determine the operating effectiveness of application controls over financial and reporting systems. • Testing change management control for information technology application / General IT controls which were changed during the year. • Assessing other areas including password policies, system configurations, controls over changes to applications, privileged access to applications and operating system or databases is restricted to authorized personnel. • Evaluating the program development for the new system implemented during the audit period, to determine adequate information technology controls have been established.
Key audit matter	**How the matter was addressed in our audit**
First year audit transition	
A first-year audit engagement involves zero basing of key audit considerations like understanding of company specific risks, controls, policies and processes in order to develop an audit strategy and audit plan. This includes understanding the Group specific risks, controls, policies and processes in order to establish an audit strategy and audit plan. We have to perform initial audit procedures to obtain sufficient evidence regarding opening balances and selection and consistent application of accounting policies as per SA 510. Accordingly, it has been considered as a key audit matter.	In view of the significance of the matter, we applied the following audit procedures in this area, among others to obtain sufficient audit evidence: • Preparing a detailed transition plan to enable us to analyse the strategy, risks, internal control measures and their impact on the Group's accounting policies. • Holding audit planning meetings to understand about the Group and its processes. • Reading presentations to the board and audit committee presentation for year ended 31 March 2021 by the predecessor auditors. • Understanding the Group's significant accounting policies by reading audited financial statements for the year ended 31 March 2021.

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Key audit matter	How the matter was addressed in our audit
First year audit transition *(Continued)*	
	• Performing initial audit procedures to obtain sufficient evidence regarding opening balances and selection and consistent application of accounting policies as per SA 510. Based upon the knowledge gained through these procedures, we planned our risk assessment and determined the scope and coverage for the audit.

Other Information

The Holding Company's Management and Board of Directors are responsible for the other information. The other information comprises the information included in the Holding Company's annual report, but does not include the consolidated financial statements and our auditor's report thereon.

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

The other information is expected to be made available to us after the date of this auditor's report. When we read the other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Management's and Board of Director's / Trustee's Responsibilities for the Consolidated Financial Statements

The Holding Company's Management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit / loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ("Ind AS") specified under Section 133 of the Act. The respective Management and Board of Directors of the companies/ Trustees of the Trust included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each company/Trust and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by Management and Board of Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Management and Board of Directors of the companies / Trustees of the Trust included in the Group are responsible for assessing the ability of each company / Trust to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors / Trustees of the Trust either intends to liquidate the Company / Trust or to cease operations, or has no realistic alternative but to do so.

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Management's and Board of Director's / Trustee's Responsibilities for the Consolidated Financial Statements *(Continued)*

The respective Board of Directors of the companies / Trustees of the Trust included in the Group are responsible for overseeing the financial reporting process of each company/ Trust.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated 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 consolidated 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 Group 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 and Board of Directors.
- Conclude on the appropriateness of Management and Board of Directors use of the going concern basis of accounting in preparation of consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. 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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial statements of such entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For

Report on the Audit of the Consolidated Financial Statements *(Continued)*

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements *(Continued)*

the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in paragraph (a) of the section titled "Other Matters" in this audit report.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

Other Matters

(a) We did not audit the financial statements of the subsidiaries, whose financial statements reflect total assets (before consolidation adjustments) of Rs.511.93 lakhs as at 31 March 2022, total revenues (before consolidation adjustments) of Rs.12.05 lakhs and net cash flows (before consolidation adjustments) amounting to Rs.7.71 lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiaries and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.

(b) The consolidated financial statements of the Group for the year ended 31 March 2021 were audited by the predecessor auditor who had expressed an unmodified opinion on 30 June 2021.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of other auditors.

Report on Other Legal and Regulatory Requirements

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

Report on the Audit of the Consolidated Financial Statements *(Continued)*

Report on Other Legal and Regulatory Requirements *(Continued)*

2 (A) As required by Section 143(3) of the Act, based on our audit and on the consideration of reports of the other auditors on separate financial statements of such subsidiaries as were audited by other auditors, as noted in the "Other Matters" paragraph, we report, to the extent applicable, 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 of the aforesaid consolidated financial statements.

b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditor.

c) The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

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

e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2022 taken on record by the Board of Directors of the Holding Company and the report of the statutory auditor of its subsidiary company incorporated in India, none of the directors of the group companies incorporated in India is disqualified as on 31 March 2022 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 the consolidated financial statements of the Holding Company and its subsidiary companies incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

B. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditor on separate financial statements of the subsidiaries, as noted in the "Other Matters" paragraph:

a) There were no pending litigations as at 31 March 2022 which would impact the consolidated financial position of the Group.

b) Provision has been made in the consolidated financial statements, as required under the applicable law or Ind AS, for material foreseeable losses, on long-term contracts including derivative contracts.

c) There are no amounts which are required to be transferred to the Investor Education and Protection Fund by the Holding Company or its subsidiary company incorporated in India during the year ended 31 March 2022.

Report on the Audit of the Consolidated Financial Statements *(Continued)*

Report on Other Legal and Regulatory Requirements *(Continued)*

d) (i) Management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or its subsidiary companies incorporated in India to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall:

- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Holding Company or its subsidiary companies incorporated in India or
- provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

(ii) Management has represented, that, to the best of its knowledge and belief, no funds have been received by the Holding Company or its subsidiary companies incorporated in India from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or its subsidiary companies incorporated in India shall:

- directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Funding Parties or
- provide any guarantee, security or the like from or on behalf of the Ultimate Beneficiaries.

(iii) Based on such audit procedures as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (d) (i) and (d) (ii) contain any material mis-statement.

e) The Holding Company and its subsidiary company incorporated in India have neither declared nor paid any dividend during the year.

C. With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:

In our opinion and according to the information and explanations given to us and based on the report of the statutory auditor of a subsidiary company incorporated in India which was not audited by us, the provisions of Section 197 of the Act are not applicable to the Holding Company and its subsidiary company incorporated in India since none of these companies is a public company.

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

Sameer Mota
Partner
Membership No. 109928
UDIN: 22109928AJSGTA6758

Bhubaneshwar
27 May 2022

B S R & Co. LLP

Annapurna Finance Private Limited

Annexure A to the Independent Auditor's Report on the consolidated Financial Statements

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

We report that:

xxi In our opinion and according to the information and explanations given to us, there are no qualifications or adverse remarks by the auditor in the Companies (Auditor's Report) Order, 2020 report of the company incorporated in India and included in the consolidated financial statements.

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

Sameer Mota
Partner
Membership No. 109928
UDIN: 22109928AJSGTA6758

Bhubaneshwar
27 May 2022

Annexure B to the Independent Auditor's report on the consolidated financial statements of Annapurna Finance Private Limited for the year ended 31 March 2022

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

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

Opinion

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2022, we have audited the internal financial controls with reference to the consolidated financial statements of Annapurna Finance Private Limited (hereinafter referred to as the "Holding Company") and a company incorporated in India under the Companies Act, 2013 (the "Act") which is its subsidiary company (the Holding company and its subsidiary together referred as the "Group"), as of that date.

In our opinion, the Group, have, in all material respects, adequate internal financial controls with reference to the consolidated financial statements and such internal financial controls were operating effectively as at 31 March 2022, based on the internal financial controls with reference to the consolidated financial statements criteria established by such companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The respective Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls with reference to the consolidated financial statements based on the criteria established by the respective company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to the consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to the consolidated financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to the consolidated financial statements were 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 the consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to the consolidated financial statements included

Annexure B to the Independent Auditor's report on the consolidated financial statements of Annapurna Finance Private Limited for the year ended 31 March 2022 ***(Continued)***

Auditor's Responsibility ***(Continued)***

obtaining an understanding of internal financial controls with reference to the consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of the 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 consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditor of the relevant subsidiary company in terms of their report referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to the consolidated financial statements.

Meaning of Internal Financial controls with Reference to the Consolidated Financial Statements

A company's internal financial controls with reference to the consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the consolidated financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to the consolidated 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 the consolidated 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 consolidated financial statements.

Inherent Limitations of Internal Financial controls with Reference to the Consolidated Financial Statements

Because of the inherent limitations of internal financial controls with reference to the consolidated 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 the consolidated financial statements to future periods are subject to the risk that the internal financial controls with reference to the consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Annexure B to the Independent Auditor's report on the consolidated financial statements of Annapurna Finance Private Limited for the year ended 31 March 2022 ***(Continued)***

Other Matters

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to the consolidated financial statements insofar as it relates to one subsidiary company, which is a company incorporated in India, is based on the corresponding report of the auditor of such company incorporated in India.

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

Sameer Mota
Partner
Membership No. 109928
UDIN: 22109928AJSGTA6758

Bhubaneshwar
27 May 2022

Annapurna Finance Private Limited
Consolidated balance sheet as at March 31, 2022

(In Rs. Lakhs)

Particulars	Notes	As at March 31, 2022	As at March 31, 2021
ASSETS			
(1) Financial assets			
(a) Cash and cash equivalents	4	95,151	86,635
(b) Bank balance other than (a) above	5	95,387	82,181
(c) Derivative financial instruments	6	1,355	-
(d) Receivables			
(i)Trade receivables	7	5	37
(ii)Other receivables		-	-
(e) Loans	8	4,88,816	3,86,716
(f) Other financial assets	9.1	26,117	14,560
Subtotal - financial assets (A)		**7,06,831**	**5,70,129**
(2) Non-financial assets			
(a) Current tax assets (net)	10.1	2,248	125
(b) Deferred tax assets (net)	10.2	4,810	2,778
(c) Property, plant and equipment	11	1,787	1,178
(d) Intangible assets	12	156	99
(e) Other non-financial assets	9.2	2,165	1,198
Subtotal - non- financial assets (B)		**11,166**	**5,378**
Total assets (A+B)		**7,17,997**	**5,75,507**
LIABILITIES AND EQUITY			
Liabilities			
(1) Financial liabilities			
(a) Derivative financial instruments	6	475	-
(b) Payables			
(I) Trade Payables			
(i) Total outstanding dues of micro enterprises and small enterprises	14	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		291	227
(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		-	-
(c) Debt securities	15	1,85,677	1,73,854
(d) Borrowings (other than debt securities)	16	4,02,413	2,82,307
(e) Subordinated liabilities	17	33,150	32,275
(f) Other financial liabilities	17.1	14,939	9,082
Subtotal - financial liabilities (A)		**6,36,945**	**4,97,745**
(2) Non-financial liabilities			
(a) Provisions	18	1,186	1,034
(b) Other non-financial liabilities	17.2	543	468
Total non- financial liabilities (B)		**1,729**	**1,502**
Total liabilities		**6,38,674**	**4,99,247**
(3) Equity			
(a) Equity share capital	19	6,874	6,872
(b) Instruments entirely equity in nature	20	300	300
(c) Other equity	21	72,149	69,088
Subtotal - equity (C)		**79,323**	**76,260**
Total liabilities and equity (A+B+C)		**7,17,997**	**5,75,507**

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

As per our report of even date

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

Sameer Mota
Partner
Membership No.: 109928

Bhubaneswar
May 27, 2022

For and on behalf of the Board of Directors of
Annapurna Finance Private Limited
CIN: U65999OR1986PTC015931

Gobinda Chandra Pattanaik
Managing Director
(DIN: 02716330)

Dibyajyoti Pattanaik
Director
(DIN: 02764187)

Subrat Pradhan
Company Secretary

Satyajit Das
Chief Financial Officer

Bhubaneswar
May 27, 2022

Annapurna Finance Private Limited
Consolidated statement of profit and loss for the year ended March 31, 2022

(In Rs. Lakhs)

	Particulars	Notes	For the year March 31, 2022	For the year March 31, 2021
	Revenue from operations			
	(i) Interest income	22	99,156	90,709
	(ii) Fees and commission income	23.1	94	271
	(iii) Net gain on fair value changes	23.2	314	-
	(iv) Net gain on assignment transactions	23.3	15,164	6,363
(I)	**Total revenue from operations**		**1,14,728**	**97,343**
(II)	Other income	24	561	368
(III)	**Total income (I + II)**		**1,15,289**	**97,711**
	Expenses			
	Finance costs	25	56,356	51,105
	Impairment of financial instruments	26	19,383	19,175
	Employee benefits expenses	27	28,798	20,599
	Depreciation, amortisation and impairment	28	1,106	893
	Other expenses	29	7,261	5,772
(IV)	**Total expenses**		**1,12,904**	**97,544**
(V)	**Profit before tax (III-IV)**		2,385	167
(VI)	**Tax expense:**			
	(a) Current tax		3,223	3,705
	(b) Short / (excess) provision for tax related to prior years	10.3	-	-
	Net current tax expenses		**3,223**	**3,705**
	Deferred tax expense / (credit)		(2,557)	(3,720)
	Total tax expense		**666**	**(15)**
(VII)	**Profit for the year (V-VI)**		1,719	182
(VIII)	**Other comprehensive income (OCI)**			
	A Items that will not be reclassified to profit or loss			
	Remeasurement of the defined benefit liabilities	33.3	40	15
	Income tax relating to items that will not be reclassified to profit or loss	10.3	(10)	(4)
	Subtotal (A)		**30**	**11**
	B Items that will be reclassified to profit or loss			
	Fair value of loans and advances and cash flow hedges through other comprehensive income		2,047	(635)
	Income tax relating to items that will be reclassified to profit or loss	10.3	(515)	160
	Subtotal (B)		**1,532**	**(475)**
	Other Comprehensive Income (A+B)		**1,562**	**(464)**
(IX)	**Total comprehensive income for the year (comprising profit/retained earnings) and other comprehensive income for the year (VII)+(VIII)**		**3,281**	**(282)**
(X)	**Earnings per equity share (face value of ₹10 each)**			
	Basic (Rs.)	30	2.40	0.26
	Diluted (Rs.)		2.26	0.24

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

As per our report of even date

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

Sameer Mota

Partner
Membership No.: 109928

Bhubaneswar
May 27, 2022

For and on behalf of the Board of Directors of
Annapurna Finance Private Limited
CIN: U65999OR1986PTC015931

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Chief Financial Officer

Bhubaneswar
May 27, 2022

Annapurna Finance Private Limited
Statement of consolidated cash flow for the year ended March 31, 2022

(In Rs. Lakhs)

Particulars	For the year ended	
	March 31, 2022	March 31, 2021
Cash flows from operating activities		
Profit before tax	**2,385**	**167**
Adjustments for:		
Depreciation, amortization and impairment	1,106	893
Impairment on financial instruments	19,383	19,175
Provision for insurance claim receivable and others	272	167
Profit on sale of current investments	(314)	-
Profit on sale of property, plant and equipment	(10)	-
Net gain on derecognition of financial instruments	(15,164)	(6,363)
Share based payments to employees	33	126
Interest income	(99,156)	(90,709)
Finance cost	56,356	51,105
Operating loss before working capital changes	**(35,109)**	**(25,439)**
Movements in working capital:		
Decrease in other financial and non financial assets	2,292	319
Increase in bank balance other than cash and cash equivalents	(12,708)	(40,397)
Decrease in trade receivables	32	10
Increase in loans	(1,19,474)	(50,569)
Increase in other financial and non financial liabilities	5,923	645
Increase in provisions	152	385
Increase/ (decrease) in trade payables	64	(109)
Cash used in operations	**(1,58,828)**	**(1,15,155)**
Interest received	97,144	84,876
Finance cost paid	(52,013)	(43,734)
Income tax paid (net of refunds)	(5,349)	(2,122)
Net cash flows used in operating activities (A)	**(1,19,046)**	**(76,135)**
Cash flows from Investing activities		
Purchase of property, plant and equipment	(1,109)	(542)
Proceeds from sale of property, plant and equipment	34	-
Purchase of intangible assets	(344)	(149)
Purchase of current investments	(2,28,100)	-
Proceeds from sale of current investments	2,28,414	-
Investment in fixed deposits with maturity of more than 3 months	(495)	-
Net cash flows used in investing activities (B)	**(1,600)**	**(1,191)**
Cash flows from financing activities		
Proceeds from issuance of equity share capital (including securities premium)	38	7
Proceeds from debt securities	22,779	1,19,820
Repayment of debt securities	(12,312)	(12,239)
Repayment of lease liabilities	(81)	(57)
Proceeds from borrowings (other than debt securities)	3,21,344	1,55,667
Repayment of borrowings (other than debt securities)	(2,03,095)	(1,75,868)
Proceeds of subordinated liabilities	4,490	7,125
Repayment of subordinated liabilities	(3,814)	(880)
Share issue expenses	(187)	(141)
Net cash flows generated from financing activities (C)	**1,29,162**	**93,434**
Net increase in cash and cash equivalents (A+B+C)	8,516	16,108
Cash and cash equivalents at the beginning of the year	86,635	70,027
Cash and cash equivalents at the end of the year	**95,151**	**86,635**
Components of cash and cash equivalents at the end of the year		
Balances with banks:		
on current accounts	37,963	42,475
deposit with original maturity of less than three months	56,687	44,013
Cash on hand	501	147
Total cash and cash equivalents at the end of the year	**95,151**	**86,635**

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

As per our report of even date

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

Sameer Mota
Partner
Membership No.: 109928

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May 27, 2022

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May 27, 2022

Annapurna Finance Private Limited
Statement of consolidated changes in Equity for the year ended March 31, 2022

a. Equity share capital

Current reporting period

(In Rs. Lakhs)

Balance at the beginning of April 01, 2021	Changes in equity share capital due to prior period errors	Restated balance at the beginning of April 01, 2021	Changes in equity share capital during April 01, 2021 to March 31, 2022	Balance at the end of March 31, 2022
6,872	-	-	2	6,874

Previous reporting period

(In Rs. Lakhs)

Balance at the beginning of April 01, 2020	Changes in equity share capital due to prior period errors	Restated balance at the beginning of April 01, 2020	Changes in equity share capital during April 01, 2020 to March 31, 2021	Balance at the end of March 31, 2021
6,870	-	-	2	6,872

b. Other equity

(In Rs. Lakhs)

Reserves and surplus	Statutory reserve (as required by Sec 45-IC of Reserve Bank of India Act, 1934)	Securities premium	Stock option outstanding	Retained earnings	Other items of comprehensive income (fair valuation on portfolio & cashflow hedges)	Total
Balance as at April 1, 2020	**4,169**	**40,217**	**1,169**	**16,063**	**7,767**	**69,385**
Profit for the year	-	-	-	182	-	182
Other comprehensive income	-	-	-	11	(475)	(464)
Total comprehensive income for the year	-	-	-	**193**	**(475)**	**(282)**
Transfer to/from retained earnings	36	-	-	(36)	-	-
Share Issue / debenture issues expenses	-	(141)	-	-	-	(141)
Amortization of vesting expenses of employee stock option plan	-	-	126	-	-	126
Balance as at March 31, 2021	**4,205**	**40,076**	**1,295**	**16,220**	**7,292**	**69,088**
Profit for the year	-	-	-	1,719		1,719
Other comprehensive income	-	-	-	30	1,532	1,562
	-	-	-	**1,749**	**1,532**	**3,281**
Transfer to/from retained earnings	344			(344)		-
Share Issue / debenture issues expenses	-	(187)	-	-	-	(187)
Amortisation of vesting expenses of employee stock option plan	-	(66)	33	-	-	(33)
ESOP excercised		30	(30)	-	-	-
Balance as at March 31, 2022	**4,549**	**39,853**	**1,298**	**17,625**	**8,824**	**72,149**

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

As per our report of even date

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

Sameer Mota
Partner
Membership No.: 109928

Bhubaneswar
May 27, 2022

For and on behalf of the Board of Directors of
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May 27, 2022

Annapurna Finance Private Limited
Notes forming part of the financial statements for the year ended March 31, 2022

1 Corporate information

Annapurna Finance Private Limited (the 'Holding Company' or 'Parent Company') is a private company incorporated in India. The Holding Company was registered as a non-deposit taking Non-Banking Financial Company ("NBFC-ND") with the Reserve Bank of India ("RBI") and was classified as a Non-Banking Financial Company – Micro Finance Institution ("NBFC-MFI") with effect from October 22, 2013.

The Holding Company's registered office is at Bhubaneshwar, Odisha, India. Its debentures are listed on recognised stock exchange in India.

The Holding Company is engaged primarily in providing micro finance services to women in rural areas of India, who are enrolled as members and organized as Self Help Groups ('SHG') and Joint Liability Group ('JLG').

The Board of Directors approved the consolidated financial statements for the year ended March 31, 2022 (the 'financial statements') and authorized for issue on May 27, 2022.

These consolidated audited financial statements of the Annapurna Finance Private Limited (the 'Holding Company') and its subsidiaries (collectively referred to as the 'Group') have been prepared in accordance with Indian Accounting Standards ('Ind AS') notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and notified under Section 133 of the Companies Act 2013 (the 'Act'). The financial statements has been prepared on going concern basis. These consolidated audited financial statements include financial statements of the following subsidiaries.

Name of the entity	% of share holding and voting power of the Holding Company	Consolidated as
Annapurna SME Finance Private Limited	99.96%	Subsidiary
Annapurna Employee Welfare Trust	100.00%	Subsidiary

2 Basis of preparation of financial statements

2.1 Statement of compliance

These financial statements of the Group have been prepared in accordance with Ind AS prescribed under Section 133 of the Companies Act, 2013 (the 'Act') and the other relevant provisions of the Act. Any application guidance/ clarifications/ directions issued by RBI or other regulators are implemented as and when they are issued/ applicable.

These consolidated audited financial statements of the Group have been prepared in accordance with Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and notified under Section 133 of the Act. The financial statements has been prepared on going concern basis. These consolidated audited financial statements include financial statements of the following subsidiaries.

Name of the entity	% of share holding and voting power of the Holding Company	Consolidated as
Annapurna SME Finance Private Limited	99.96%	Subsidiary
Annapurna Employee Welfare Trust	100.00%	Subsidiary

Refer note 42 for additional information as required under Schedule III of the Companies Act, 2013, of enterprises consolidated as subsidiaries.

The preparation of financial statements requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosed amount of contingent liabilities. Areas involving a higher degree of judgement or complexity, or areas where assumptions are significant to the Group are discussed in Note 3.1 - Significant accounting judgements, estimates and assumptions.

The financial statements are presented in Indian Rupees (INR) and all values are rounded to the nearest Lakh, except when otherwise indicated.

2.2 Basis of consolidation

The Holding Company is able to exercise the control over the operating decision of the investee company, resulting in variable returns to the Holding Company and accordingly, the same are classified as investment in subsidiary and line by line consolidation is carried out under the principles of consolidation.

The consolidated financial statements incorporate the financial statements of the Group from the date control is gained until the date on which control ceases. Control is evidenced where the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Power is demonstrated through existing rights that give the ability to direct relevant activities, which significantly affect the entity returns. The financial statements of subsidiaries are prepared for the same reporting year as the parent company. Where necessary, adjustments are made to the financial statements of subsidiaries to align the accounting policies in line with accounting policies of the Parent Company.

Intra- group balances and transactions, and any unrealized income and expenses arising from intragroup transactions, are eliminated. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

2.3 Historical cost convention

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

2.4 Presentation of financial statements

The financial statements of the Group are presented as per Schedule III (Division III) of the Act applicable to NBFCs, as notified by the Ministry of Corporate Affairs (MCA). The statement of cash flows has been presented using indirect method as per the requirements of Ind AS 7 statement of cash flows.

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3 **Significant accounting policies**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

3.1 **Use of estimates and judgments**

The preparation of the financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities and disclosures of contingent liabilities at the date of these financial statements and reported amounts of income and expenses for the years presented. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed at each balance sheet date. Revisions to accounting estimates are recognised in the period in which the estimates is revised and future period affected.

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

a) Note 3 (xv)- Business model assessment for classification and measurement of financial assets
b) Note 3 (xv) - Impairment allowances of financial assets based on the expected credit loss model
c) Note 3(vii) and 3(viii)- Useful lives of property, plant and equipment and intangible assets.
d) Note 3(xi) and 33 - Measurement of assets and obligations of defined benefit employee plans.
e) Note 3(iv) and 10 - Recoverability and recognition of deferred tax assets.
f) Note 3(xii) - Measurement of provisions and contingencies.
g) Note 3(xvii) and 39 - Fair value measurement of financial instruments.
h) Note (xv)- Effective Interest Rate (EIR) methodology that represents the best estimate of a constant rate of return over the expected behavioural life of financial instruments

i) Note (ix)- Determination of lease term where Group is a lessee

(ii) **Revenue recognition**

Revenue from operations

(a) Income on loans arising from financing activities

Interest income is recognised by applying the effective interest rate (EIR) to the gross carrying amount of financial assets other than credit-impaired assets. When a financial asset becomes credit-impaired, the Group calculates interest income by applying the effective interest rate to the net amortized cost of the financial asset.

The EIR in case of a financial asset is computed
- the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset.
- by considering all the contractual terms of the financial instrument in estimating the cash flows.
- Including all fees/service charges and incentives paid and received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

Any subsequent changes in the estimation of the future cash flows is recognised in interest income with the corresponding adjustment to the carrying amount of the assets.

(b) Dividend income

Dividend income is recognised in the statement of profit or loss on the date
- when the Group's right to receive the payment is established,
- it is probable that the economic benefits associated with the dividend will flow to the entity; and
- the amount of dividend can be reliably measured

(c) Net gain on assignment transactions

Gains arising out of direct assignment transactions comprise the difference between the interest on the loan portfolio and the applicable rate at which the direct assignment is entered into with the assignee, also known as the right of excess interest spread (EIS). The future EIS basis the scheduled cash flows on execution of the transaction, discounted at the applicable rate entered into with the assignee is recorded upfront in the statement of profit and loss.

(d) Fees and commission income

Fees and commissions which do not form part of the effective interest rate calculation are recognised when the Group satisfies the performance obligation over time and are accrued as and when they are due.

Other income

Other income are recognised when the Group satisfies the performance obligation over time and are accrued as and when they are due.

(iii) **Foreign currency**

These financial statements are presented in Indian rupees, which is the functional currency of the Group.

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of transaction. Foreign currency denominated monetary assets and liabilities are re-measured into the functional currency at the exchange rate prevailing on the balance sheet date.

Exchange differences are recognised in the statement of profit and loss except to the extent, exchange differences which are regarded as an adjustment to interest costs on foreign currency borrowings, are capitalised as part of borrowing costs.

(iv) **Income taxes**

Income tax expense comprises current and deferred taxes. Income tax expense is recognised in the statement of profit & loss except when they relate to items that are recognised outside the statement of profit and loss (whether in other comprehensive income or directly in equity), in which case tax is also recognised outside the statement of profit and loss.

Current income taxes are determined based on respective taxable income of Group and tax rules applicable for respective tax jurisdictions.

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases, and unutilised business loss and depreciation carry-forwards and tax credits. Such deferred tax assets and liabilities are computed separately. Deferred tax assets are recognised to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses, depreciation carry-forwards and unused tax credits could be utilized.

Deferred tax assets and liabilities are measured based on the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Current and deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current and deferred tax assets and liabilities on a net basis.

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(v) Cash and cash equivalents

Cash and cash equivalents, comprise cash in hand, cash at bank and deposits with an original maturity of three months or less, that are readily convertible to insignificant risk of changes in value.

(vi) 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. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period.

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. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. In computing the dilutive earnings per share, only potential equity shares that are dilutive and that either reduces the earnings per share or increases loss per share are included.

(vii) Property, plant and equipment (PPE) and intangible assets

Property, plant and equipment are stated at cost of acquisition less accumulated depreciation and impairment, if any. Cost includes purchase price, non-refundable taxes and levies and other directly attributable costs of bringing the assets to its location and working condition for its intended use.

The cost of an item of PPE is recognised as an asset if, and only if, it is probable that the economic benefits associated with the item will flow to the Group in future periods, and the cost of the item can be measured reliably. Expenditure incurred after the PPE have been put into operations, such as repairs and maintenance expenses, are charged to the statement of profit and loss during the period in which they are incurred.

An item of PPE is de-recognised upon disposal or when no future economic benefits are expected to arise from the continued use of the assets. Any gain or loss, arising on the disposal or retirement of an item of PPE, is determined as the difference between the sales proceeds and the carrying amount of the asset, and is recognised in the statement of profit and loss.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any.

(viii) Depreciation and amortisation

Depreciation

Depreciation on property, plant and equipment is measured using the written down value method at the rates arrived based on the useful lives of the assets, prescribed under Schedule II of the Act, which also represents the estimate of the useful life of the assets by the management. The useful life estimated by the management is as under:

Category of asset	Useful life (years)
Furniture and fittings	10
Office equipment's	5
Vehicles	8
Computers	3

Amortisation

Intangible assets are amortized on a written down value method over the estimated useful economic life. The management has determined its estimate of useful economic life as 1-3 years. The useful lives of intangible assets are reviewed at each financial year and adjusted prospectively.

(ix) Leases :

Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right of use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.
Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, ranging from 2 to 5 years.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section 3(x) impairment of non-financial assets.

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Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets
The Group applies the short-term lease recognition exemption to its short-term leases of office (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of offices, that are of low value. Lease payments on short term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

(x) Impairment of non financial assets

At each balance sheet date, the Group assesses whether there is any indication that any property, plant and equipment and intangible assets with finite lives may be impaired. If any such impairment exists the recoverable amount of an asset is estimated to determine the extent of impairment, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of profit and loss.

(xi) Employee benefits

(A) Short term employee benefits
The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognised during the period when the employee renders the service. These benefits include salaries and performance incentives/ bonuses which are expected to occur within twelve months after the end of the period in which the employee renders the related services.

(B) Post employment/ retirement benefit plans

(1) Defined contribution plans

Retirement benefits in the form of provident fund and superannuation are defined contribution schemes. The Group has no obligation, other than the contribution payable to the respective funds. The Group recognises contribution payable to the respective funds as expenditure, when an employee renders the related service.

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(2) Defined benefit plans
(a) Gratuity

For defined benefit schemes in the form of gratuity plan, the cost of providing benefits is actuarially determined using the projected unit credit method, with actuarial valuations being carried out at each year end. The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as reduced by the fair value of scheme assets.
The Group have an obligation towards gratuity, post employment/ retirement defined benefit plan covering eligible employees. The benefit is in the form of lump sum payments to eligible employees on resignation, retirement, or death while in employment or on termination of employment of an amount equivalent to 15 days' to 30 days' basic salary payable for each completed year of service. Vesting occurs upon completion of five years of service. The liability determined basis actuarial valuation is compared with the fair value of plan assets and the shortfall or excess is accounted for as a liability or an asset respectively.

The present value of the said obligation is determined by discounting the estimated future cash outflows, using market yields of government bonds of equivalent term and currency to the liability.

The interest income/ (expense) are calculated by applying the discount rate to the net defined benefit liability or asset. The net interest income/ (expense) on the net defined benefit liability is recognised in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in OCI. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

(C) Other long term employee benefit plans

(1) Defined benefit plans

(a) Compensated absences
The liabilities for compensated absences are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the appropriate market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in the statement of profit or loss.

b) Employee stock option plan
The employee stock option scheme provides for the grant of options to acquire equity shares of the Group to its eligible employees are measured at fair value of the equity instruments at the grant date. The period of vesting and period of exercise are as specified within the respective schemes. The fair value at the grant date of the equity settled share based payment options granted to the employees is recognized as an employee benefit expenses with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the options. At the end of each reporting period, the Group revives its estimate of the number of equity instruments expected to vest. The impact of the revision of original estimates, if any, is recognised in statement of profit and loss such that the cumulative expenses reflect the revised estimate, with a corresponding adjustment to share based options outstanding account. The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share. Also, the employee stock option granted to the eligible employees of the subsidiary companies are accounted in accordance with the guidelines of Ind AS 102 – share based payments.

(xii) Provisions and contingent liabilities
A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.
If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows to the net present value using an appropriate pre-tax discount rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A present obligation that arises from past events, where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made, is disclosed as a contingent liability. Contingent liabilities are also disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events, not wholly within the control of the Group.

Claims against the Group, where the possibility of any outflow of resources in settlement is remote, are not disclosed as contingent liabilities. Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet date.
Contingent assets are disclosed where an inflow of economic benefits is probable. Contingent assets are not recognised in the financial statements.

(xiii) Dividend (including dividend distribution tax)
Any dividend declared or paid by the Group is based on the profits available for distribution as reported in the financial statements. Indian law mandates that dividend be declared out of distributable profits, after setting off un-provided losses and depreciation of previous years. In case of inadequacy or absence of profits in a particular year, a Group may pay dividend out of accumulated profits of previous years transferred to statement of profit and loss. However, in the absence of accumulated profits a Group may declare dividend out of free reserves, subject to certain conditions as prescribed under the Companies (Declaration and Payment of Dividend) Rules, 2014. Accordingly, in certain years the net income reported in these financial statements may not be fully distributable.
Pursuant to Finance Act, 2020, any dividend declared, distributed or paid on or after April 01, 2020 was taxable in the hands of the shareholders and the Group was not required to pay dividend distribution tax on above dividend payments.

(xiv) Segment reporting
Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM).
The power to assess the financial performance and position of the Group and make strategic decisions is vested in the Board of Directors Committee who has been identified as the CODM.

(xv) Financial instruments
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments are recognised when the Group becomes a party to the contractual provisions of the instrument.

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(A) Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value. However, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset are added to the fair value. The transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are immediately recognised in profit or loss.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Classification and subsequent measurement

For the purposes of initial recognition, financial assets are classified in the following categories :-

a. at amortised cost, or

b. at fair value through other comprehensive income (FVOCI), or

c. at fair value through profit or loss (FVTPL)

The above classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flow.

(I) Debt instruments

Initial classification of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments.

(a) At amortised cost:

A debt instrument is measured at amortised cost, if both the following conditions are satisfied/ fulfilled

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows; and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to loans arising from financing activities and investments.

(b) At FVTOCI:

A debt instrument is classified at FVTOCI, if both of the following criteria are met

- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets; and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the OCI. However, the Group recognises interest income, impairment losses and reversals in the statement of profit and loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to the statement of profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

(c) At FVTPL:

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorisation as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Group may elect to designate a debt instrument, which otherwise meets amortised cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

Derivatives embedded in a host contract that is an asset within the scope of Ind AS 109 are not separated. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest

(II) Equity instruments/ investments

Investments in equity instruments are measured at fair value. Equity instruments, which are held for trading, are classified as at FVTPL. For equity instruments, other than held for trading, the Group has irrevocable option to present in OCI subsequent changes in the fair value. The Group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

Where the Group classifies equity instruments as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to statement of profit and loss, even on sale of investment.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the statement of profit and loss.

(III) Impairment of financial assets

The Group applies the expected credit loss (ECL) model in accordance with Ind AS 109 for recognising impairment loss on financial assets except for

- equity instruments which are not subject to impairment under Ind AS 109, and
- other debt financial assets held at fair value through profit or loss (FVTPL)

The ECL allowance is based on the credit losses expected to arise from all possible default events over the expected life of the financial assets (lifetime ECL), unless there had been no significant increase in credit risk of a default occurring since origination or initial recognition, in which case, the impairment allowance is based on the 12-month ECL. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL (both life time and 12 months) are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments. The Group believes that the all loans disbursed (MFI and MSME loans) in a particular state have shared risk characteristics (i.e. homogeneous). Therefore, the state wise loan portfolio (segregated at MFI and MSME loans) are treated as separate groups for the purpose of expected credit loss computation.

The impairment methodology applies depends on whether there has been significant increase in credit risk. When determining whether credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, including on historical experience and forward-looking information.

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The expected credit loss is a product of exposure at default ('EAD'), probability of default ('PD') and loss given default ('LGD'). The Group has devised an internal model to evaluate the PD and LGD based on the parameters set out in Ind AS 109. Accordingly, the financial assets have been segmented into three stages based on the risk profiles. The three stages reflect the general pattern of credit deterioration of a financial assets. The Group categorises financial assets at the reporting date into stages based on the days past due ('DPD') status as under:

- Stage 1: Low credit risk, i.e. 0 to 30 days past due
- Stage 2: Significant increase in credit risk, i.e. 31 to 90 days past due
- Stage 3: Credit impaired assets, i.e. more than 90 days past due or cases where the Group suspects fraud and legal proceedings are initiated.

Definition of default

The Group considers a financial asset to be in 'default' and therefore stage 3 (credit impaired) for ECL calculations when the borrower becomes 90 days past due on its contractual payments.

LGD is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the Group would expect to receive. It is usually expressed as a percentage of the EAD.

The set of cash flow from the date of default, discounted at the contractual interest rate and divided by the exposure at default gives the LGD estimate. The default weighed historic LGD are used to align the ECL calculation to the actual scenario and to improve the predictive power of the model.

PD is defined as the probability of whether the borrowers will default on their obligations in the future. For assets which are in stage 1, a 12-month PD is required. For stage 2 assets a lifetime PD is required while stage 3 assets are considered to have a 100% PD. PD estimation process is done based on historical internal data available with the Group.

EAD represents gross carrying amount at the reporting date adjusted for future estimated prepayments in case of stage 1 and stage 2. In case of stage 3 loans EAD represents gross carrying amount at the time when the default occurred for first time.

Forward looking information

While estimating the expected credit losses, the Group reviews macro-economic developments occurring in the economy and market it operates in. On a periodic basis, the Group analyses if there is any relationship between key economic trends like gross domestic product (GDP), consumer price index (CPI), unemployment rate (UER), credit growth with the estimate of PD determined by the Group based on its internal data. While the internal estimates of PD rates by the Group may not be always reflective of such relationships, temporary overlays, if any, are embedded in the methodology to reflect such macro-economic trends reasonably.
Based on the consideration of external actual and forecast information, the Group forms a 'base case' view of the future direction of relevant economic variables. This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome. The base case represents a most likely outcome while the other scenarios represent more optimistic and more pessimistic outcomes.

The measurement of impairment losses across all the categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. The Group's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of financial statements. The Group regularly reviews its models in the context of actual loss experience and makes adjustments when such differences are significantly material.

The amount of ECL (or reversal) at the reporting date is recognised as an impairment loss/ (gain) in the statement of profit and loss.

ECL on debt instruments measured at amortised cost

The ECLs for debt instruments measured at amortised cost is reduced from the gross carrying amount of these financial assets in the balance sheet.

ECL on debt instruments measured at fair value through OCI

The ECLs for debt instruments measured at FVOCI do not reduce the gross carrying amount of these financial assets in the balance sheet, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognised in OCI is recycled to the profit and loss upon derecognition of the assets.

Write-off

The gross carrying amount of a financial assets is written- off (either partially or fully) to the extent that there is no reasonable expectation of recovering the asset in its entirety or a portion thereof. However, financial assets that are written off could still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any subsequent recoveries against such financial assets are credited to the statement of profit and loss.

(IV) Derecognition of financial assets

The Group de-recognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises an associated liability as collateralised borrowing for the proceeds received.

On de-recognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in OCI, and accumulated in equity is recognised in the statement of profit and loss.

(B) Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments, issued by the Group, are classified as either financial liabilities or as equity, in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

(I) Financial liabilities

Initial recognition and measurement

All financial liabilities are recognised initially at fair value. However, in the case of financial liabilities not recorded at fair value through profit or loss, transaction costs that are directly attributable to the issue of financial liabilities are deducted from the fair value of financial liabilities. The transaction costs directly attributable to the issue of financial liabilities at fair value through profit or loss are immediately recognised in profit or loss.

The Group's financial liabilities majorly comprise of trade and other payables, loans and borrowings, including bank overdrafts and cash credit facility and derivative financial instruments.

Subsequent measurement

All financial liabilities are subsequently measured at amortised cost using the effective interest rate (EIR) method or at fair value through profit or loss (FVTPL).

(a) At FVTPL:

Financial liabilities includes derivative financial instruments entered into by the Group that are not designated and effective as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading, unless they are designated as effective hedging instruments.

Financial liabilities, designated upon initial recognition at FVTPL, are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied.

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(b) At amortised cost:
After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance cost in the profit or loss.

Derecognition of financial liabilities:
The Group de-recognises financial liabilities when and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability de-recognised and the consideration paid and payable is recognised in statement of profit and loss.

Modification/ renegotiation that do not result in derecognition
Changes to the carrying amount of a financial liability as a result of renegotiation or modification of terms that do not result in derecognition of the financial liability, is recognised in the statement of profit and loss. Any subsequent changes in the estimation of the future cash flows of financial liability is recognised under finance cost in the statement of profit or loss with the corresponding adjustment to the carrying amount of the financial liability.

(II) Equity instrument
An equity instrument is any contract that evidences residual interests in the assets of the Group after deducting all of its liabilities.
Incremental costs incurred which are directly attributable to the issue of new shares are shown in equity as deduction, net of tax, from the proceeds.

(xvi) Derivatives and hedging activities
The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate risk and foreign exchange rate risk, including cross currency interest rate swaps and cross currency swaps.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting date. The resulting gain or loss is recognised in statement of profit or loss immediately unless the derivative is designated and effective as a hedging instrument (Refer sub note (a) below), in which event the timing of recognition in profit or loss depends on the nature of the hedging relationship and nature of the hedge item.

Embedded derivatives
Derivatives embedded in a host contract that is an asset within the scope of Ind AS 109 are not separated. Financial assets and financial liabilities with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Derivatives embedded in all other host contract are separated only if the economic characteristics and risks of the embedded derivatives are not closely related to the economic characteristics and risks of the host and accordingly, are measured at fair value through profit or loss. Embedded derivatives closely related to the host contracts are not separated.

(a) Hedge accounting
The Group designates foreign currency forward derivative contracts as hedges of foreign exchange risk associated with the cash flows of foreign currency risks associated with the borrowings denominated in foreign currency (referred to as "cash flow hedges").

The Group documents at the inception of the hedging transaction the economic relationship between the hedging instruments and hedge items including whether the hedging instrument is expected to offset changes in the cash flows of hedge items. The Group documents its risk management objective and strategy for undertaking various hedge transactions at the inception of the hedging relationship.

Cash flow hedges
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to ineffective portion is recognised immediately in profit or loss.

Amounts previously recognised in other comprehensive income and accumulated in equity to effective portion (as described above) are reclassified to profit or loss in the periods when the hedge item affects profit or loss, in the same line as the recognised hedge item.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting.

(xvii) Fair value measurement
A number of Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date regardless of whether that price is directly observable or estimated using another valuation technique.

Fair value measurements under Ind AS are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at measurement date;
Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and
Level 3 inputs for the asset or liability that are not based on observable market data (unobservable inputs) that the Group can access at measurement date.

(xviii) Offsetting financial instruments
Financial assets and financial liabilities are offset when it currently has a legally enforceable right (not contingent on future events) to off-set the recognised amounts and the Group intends either to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

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Notes to the consolidated financial statements for the year ended March 31, 2022

Note 4: Cash and cash equivalents

(In Rs. Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Cash on hand	497	147
Balances with banks	37,967	42,475
Fixed deposit with maturity of less than 3 months	56,687	44,013
Total	**95,151**	**86,635**

Note 5: Bank balance other than cash and cash equivalents

(In Rs. Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Fixed deposit with remaining maturity of more than 3 months		
Fixed deposit with banks (security against bank guarantee)	31,755	25,717
Other term deposits	60,919	53,837
Interest accrued on fixed deposits*	2,713	2,627
Total	**95,387**	**82,181**

(*) Includes interest accrued of Rs. 1,369 lakhs (March 31, 2021: Rs. 98 lakhs) on fixed deposits marked as lien towards term loans availed from banks, as cash collateral placed in connection with portfolio loan securitised and business correspondent activities entered with the banks.

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Note 6: Derivative financial instruments

(In Rs. Lakhs)

	As at March 31, 2022				As at March 31, 2021			
Part I	Notional Amounts	Fair value-assets	Notional Amounts	Fair value-liabilities	Notional Amounts	Fair value-assets	Notional Amounts	Fair value-liabilities
(i)Currency derivatives:								
Cross currency swaps	12,613	704	10,873	322	-	-	-	-
Subtotal (i)	12,613	704	10,873	322	-	-	-	-
(ii)Interest rate derivatives	-	-	-	-	-	-	-	-
(iii)Credit derivatives	-	-	-	-	-	-	-	-
(iv) Equity linked derivatives	-	-	-	-	-	-	-	-
(v) Other								
Cross currency interest rate swaps	18,521	651	9,708	153	-	-	-	-
Total Derivatives financial instruments	**31,134**	**1,355**	**20,581**	**475**	-	-	-	-
PART II								
Included in above are derivatives held for hedging and risk management as follows								
(i)Fair value hedging	-	-	-	-	-	-	-	-
(ii) Cashflow hedging								
Cross currency interest rate swaps	18,521	651	9,708	153	-	-	-	-
Cross currency swaps	12,613	704	10,873	322	-	-	-	-
(iii) Net investment hedging	-	-	-	-	-	-	-	-
(iv) Undesignated derivatives	-	-	-	-	-	-	-	-
Total derivatives financial instruments	**31,134**	**1,355**	**20,581**	**475**	-	-	-	-

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Note 7: Trade receivables

(In Rs. Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Receivables considered good- unsecured	5	37
Total	**5**	**37**

No trade or other receivable are due from directors or other officers of the Group either severally or jointly with any other person. Nor any trade or other receivables are due from firms or private companies respectively in which any director is a partner, a director or a member. Trade receivables are non-interest bearing and are generally on terms of 30-90 days.

Ageing of trade receivables as at March 31, 2022

(In Rs. Lakhs)

Particulars	Outstanding for following periods from due dates of payments					Total
	<6 months	6 months- 1 year	1-2 years	2-3 years	>3 years	
(i) Undisputed trade receivables considered good	5	-	-	-	-	5
(II) Undisputed trade receivables- which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed trade receivables - credit impaired	-	-	-	-	-	-
(iv) Disputed trade receivables considered good	-	-	-	-	-	-
(v) Disputed trade receivables- which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed trade receivables- credit impaired	-	-	-	-	-	-

Ageing of trade receivables as at March 31, 2021

(In Rs. Lakhs)

Particulars	Outstanding for following periods from due dates of payments					Total
	<6 months	6 months- 1 year	1-2 years	2-3 years	>3 years	
(I) Undisputed trade receivables considered good	37	-	-	-	-	37
(II) Undisputed trade receivables- which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed trade receivables - credit impaired	-	-	-	-	-	-
(iv) Disputed trade receivables considered good	-	-	-	-	-	-
(v) Disputed trade receivables- which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed trade receivables- credit impaired	-	-	-	-	-	-

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Notes to the consolidated financial statements for the year ended March 31, 2022

Note 8: Loans
Considered good unless stated otherwise

Particulars	As at March 31, 2022			As at March 31, 2021		
	Amortised cost	At fair value Through other comprehensive income	Total	Amortised cost	At fair value Through other comprehensive income	Total
i) Term loans						
Considered good	80,670	3,98,918	4,79,588	97,859	2,81,980	3,79,839
Credit impaired	14,843	38,434	53,277	213	29,839	30,052
Total term loans	95,513	4,37,352	5,32,865	98,072	3,11,819	4,09,891
ii) Staff loan	412	-	412	372	-	372
Total (A) - Gross	**95,925**	**4,37,352**	**5,33,277**	**98,444**	**3,11,819**	**4,10,263**
Less: Impairment loss allowance	7,997	36,464	44,461	5,634	17,913	23,547
Total (A) - Net	**87,928**	**4,00,888**	**4,88,816**	**92,810**	**2,93,906**	**3,86,716**
Term loans						
i) Secured by tangible assets (refer note below)	2,670	31,151	33,821	23,925	-	23,925
ii) Unsecured	92,843	4,06,201	4,99,044	74,147	3,11,819	3,85,966
Sub-total - Term loans	**95,513**	**4,37,352**	**5,32,865**	**98,072**	**3,11,819**	**4,09,891**
Staff loan						
-Unsecured	412	-	412	372	-	372
Sub-total - Staff loan	**412**	**-**	**412**	**372**	**-**	**372**
Total (B) - Gross	**95,925**	**4,37,352**	**5,33,277**	**98,444**	**3,11,819**	**4,10,263**
Less : Impairment loss allowance	7,997	36,464	44,461	5,634	17,913	23,547
Total (B) - Net	**87,928**	**4,00,888**	**4,88,816**	**92,810**	**2,93,906**	**3,86,716**
Loans in India						
i) Public Sector	-	-	-	-	-	-
ii) Others	95,925	4,37,352	5,33,277	98,444	3,11,819	4,10,263
Total - Gross	**95,925**	**4,37,352**	**5,33,277**	**98,444**	**3,11,819**	**4,10,263**
Less: Impairment loss allowance	7,997	36,464	44,461	5,634	17,913	23,547
Total - Net	**87,928**	**4,00,888**	**4,88,816**	**92,810**	**2,93,906**	**3,86,716**
Loans outside India	-	-	-	-	-	-
Less: Impairment loss allowance	-	-	-	-	-	-
Total - Net	-	-	-	-	-	-
Total (C)	**87,928**	**4,00,888**	**4,88,816**	**92,810**	**2,93,906**	**3,86,716**

Note
The Company covers/secures the credit list associated with the loans given to customer by creating a charge/ hypothecation/ security on the assets as mentioned in the loan agreements with customers.

Reconciliation of impairment allowance

Particulars	As at March 31, 2022			As at March 31, 2021		
	Amortised cost	At fair value Through other comprehensive income	Total	Amortised cost	At fair value Through other comprehensive income	Total
Opening provision	4,700	18,847	23,547	1,793	4,260	6,053
Add: Impairment provision created during the year (Refer note 26)	3,297	16,086	19,383	4,588	14,587	19,175
Less: Receivable by guarantee scheme/ CGTMSE disclosed under other financial assets	-	1,643	1,643	-	-	-
Less: Loan portfolio (own) written off during the year	-	-	-	(817)	-	(817)
Less- EIS receivable on assignment transaction written off during the year	-	-	-	(760)	-	(760)
Less- Provision for managed portfolio disclosed under 'provisions' (refer note 18)	-	-112	(112)	(104)	-	(104)
Less: Recovery made during the year	-	-	-	-	-	-
Closing provision	7,997	36,464	44,461	4,700	18,847	23,547

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Note 8A

Gross carrying value of assets as at March 31, 2022

(In Rs. Lakhs)

Particulars	Stage 1	Stage 2	Stage 3	Total
Standard	4,67,835	11,755	-	4,79,590
Non performing assets	-	-	53,275	53,275
Total	**4,67,835**	**11,755**	**53,275**	**5,32,865**

Steps taken for recovering overdues balances

To reduce the exposure and increasing collection in the stage - III assets, a cross-department team is deployed in the branches to monitor and follow up with the higher DPD customers. To maximise collection efforts, regular reminders are sent to customers via SMS/ Tele-calling and by visiting customer premises and creating awareness of the consequences of defaults.

Gross carrying value of assets as at March 31, 2021

(In Rs. Lakhs)

Particulars	Stage 1	Stage 2	Stage 3	Total
Standard	3,41,161	38,678	-	3,79,839
Non performing assets	-	-	30,052	30,052
Total	**3,41,161**	**38,678**	**30,052**	**4,09,891**

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to loans:

(In Rs. Lakhs)

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying value of assets as at April 1, 2021	**3,41,161**	**38,678**	**30,052**	**4,09,891**
Add: New assets originated during the year (net of collections)	1,22,974	-	-	1,22,974
Less: assets written off during the year	-	-	-	-
Movement between stages				
Transfer from stage 1	(19,862)	12,047	7,815	-
Transfer from stage 2	23,517	(38,971)	15,454	-
Transfer from stage 3	46	1	(47)	-
Gross carrying value of assets as at March 31, 2022	**4,67,836**	**11,755**	**53,274**	**5,32,865**

(In Rs. Lakhs)

Particulars	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at April 1, 2021	**749**	**4,494**	**18,304**	**23,547**
Provision created / (reversed) during the year	3,734	(1,536)	18,250	**20,448**
Stage 3 asset are in the scope of IND AS 109 but not covered under current income recognition ,asset classification and provisioning (IRACP) norms	(1)	(217)	684	**466**
Assets written off during the year	-	-	-	-
ECL allowance as at March 31, 2022	**4,482**	**2,741**	**37,238**	**44,461**

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(In Rs. Lakhs)

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying value of assets as at April 1, 2020	**3,51,510**	**2,800**	**4,886**	**3,59,196**
Add: New assets originated during the year (net of collections)	51,512			51,512
Less: assets written off during the year	-	(453)	(364)	(817)
Movement between stages				
Transfer from stage 1	(61,929)	38,423	23,506	-
Transfer from stage 2	67	(2,092)	2,025	-
Transfer from stage 3	1	-	(1)	-
Gross carrying value of assets as at March 31, 2021	**3,41,161**	**38,678**	**30,052**	**4,09,891**

Particulars	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at April 1, 2020	3,970	231	1,852	6,053
Provision created / (reversed) during the year	(3,221)	4,716	16,816	18,311
Assets written off during the year	-	(453)	(364)	(817)
ECL allowance as at March 31, 2021	**749**	**4,494**	**18,304**	**23,547**

Sensitivity analysis on ECL

Reasonably possible changes at the reporting date to the relevant macroeconomic assumptions, holding other assumptions constant, would have affected the defined ECL provisions by the amounts shown below:

(In Rs. Lakhs)

Scenario	Conditions	ECL provision as per model	+/- from normal case
Extreme scenario	**100%** probability of high stress 0% probability of low stress 0% probability of normal situation	41,143	865
Low stress scenario	0% probability of high stress* 0% probability of low stress 100% probability of a normal situation	39,845	(433)

**High stress condition is when the company is expecting 15% increase from the projected values of macroeconomic parameters such a s unemployment rate and in consumer price index.*

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Note 9.1: Other financial assets
(at amortised cost)
(Unsecured, considered good unless stated otherwise)

(In Rs. Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Security deposits	342	271
Retained interest on assets assigned	13,509	4,668
Interest accrued on loans designated at FVOCI	7,866	4,182
Fixed deposit with financial institutions*	1,513	1,889
Insurance claim receivable	826	930
Ex-gratia claim receivable#	-	2,213
Receivable from financial guarantees$	1,643	-
Other financial assets- others**	418	407
Total	**26,117**	**14,560**

*deposit with non banking financial companies and financial institutions marked as lien towards term loans availed.
**includes EIS receivable and advances recoverable in cash
#The Government of India, Ministry of Finance, vide its notification dated October 23, 2020, had announced COVID-19 Relief Scheme (the 'Scheme') for grant of ex-gratia payment being difference between compounded interest and simple interest for six months period from March 1, 2020 to August 31, 2020 to eligible borrowers as per the Scheme. The management has credited the differential interest in the borrower accounts in line with the requirement of the Scheme.

$The Group has availed the benefits of credit guarantee fund trust for micro and small enterprises (CGTMSE) scheme and Assam microfinance incentives and relief scheme 2021 to secure credit default.

Note 9.2:Other non- financial assets
(Unsecured, considered good unless stated otherwise)

(In Rs. Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Prepaid expenses	1,308	608
Capital advance	183	100
Other Advances *	674	490
Total	**2,165**	**1,198**

*includes advances to vendor

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Note 10.1:
Current tax assets (net)

(In Rs. Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Advance income tax (net of provision)	2,248	125

Note 10.2: Deferred tax assets/ liabilities (net)
Effects of deferred tax assets and deferred tax liabilities

(In Rs. Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Deferred tax assets:		
Impairment loss allowance on loan portfolio	10,697	5,935
Difference of written down value property, plant and equipment	352	271
Provision for defined benefit obligation and leave encashment	288	230
Difference of lease liabilities and right of use asset	(7)	1
Impact due to amortization of processing fees income	143	(54)
Provision for irrecoverable advances	4	
Fair value loss on debt securities	49	
Deferred tax liabilities:		
Upfront recognition of gain on direct assignment transactions	(3,238)	(985)
Impact due to amortization of processing fees expenses	(395)	(51)
Fair value gain on loans	(3,083)	(2,569)
Deferred tax relating to origination and reversal of temporary differences (net of liabilities)	**4,810**	**2,778**

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Note 10.3: Income tax expense

(In Rs. Lakhs)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Income tax expense in the statement of profit and loss consists of:		
Current income tax:		
Income tax	3,223	3,705
Deferred tax	(2,557)	(3,720)
Income tax expense reported in respect of current year	**666**	**(15)**
Tax in respect of earlier years	-	
Total income tax expense reported in the statement of profit or loss	**666**	**(15)**
Income tax recognised in other comprehensive income		
Deferred tax arising on re-measurement gains/ (losses) on defined benefit plans	10	(4)
Deferred tax arising on fair value gain/ (losses) on loan portfolio	515	(160)
Total	**525**	**(164)**

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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

(In Rs. Lakhs)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Accounting profit before tax	2,385	167
At India's statutory income tax rate of 25.17%	600	42
Change in tax rates	-	-
Income not subject to tax		
Others		210
Non-deductible expenses		
Expenditure on CSR	40	84
Interest on preference share capital	306	(89)
Additional tax allowances	(282)	(262)
Income tax expense reported in the statement of profit or loss	**665**	**(15)**
Income tax adjustment in respect of current income tax of prior years	-	-
Total income tax expense reported in the statement of profit or loss	**665**	**(15)**

The effective income tax rate for March 31, 2022 is 27.92% (March 31, 2021: (8.98%)).

Movement in deferred tax balances for the year ended March 31, 2022

(In Rs. Lakhs)

Particulars	Net balance April 1, 2021	(Charge)/ Credit in profit and loss	Recognised in OCI	Recognised in other equity	Net balance March 31, 2022	Deferred tax asset	Deferred tax liability
Deferred tax assets/ (liabilities)							
Difference of written down value of property, plant and equipment	271	81	-	-	352	352	-
Provision for defined benefit obligation and leave encashment	230	68	(10)	-	288	298	(10)
Impairment loss allowance on loan portfolio	5,935	4,762	-	-	10,697	10,697	-
Impact of amortisation of expense, offered to tax on upfront basis	(51)	(344)	-	-	(395)	(395)	-
Impact of amortisation of processing fee income, offered to tax on upfront basis	(54)	197	-	-	143	-	143
Gain on direct assignment deals, accounted for upfront, offered to tax on accrual basis	(985)	(2,253)	-	-	(3,238)		(3,238)
Fair value gain on loans	(2,569)		(515)	-	(3,083)	-	(3,083)
Difference of lease liabilities and right of use asset	1	(8)	-		(7)		(7)
Fair value loss on CCPS	-	49	-	-	49	49	
Provision for irrecoverable advances	-	4	-	-	4	4	-
Net deferred tax assets / (liabilities)	**2,778**	**2,557**	**(525)**	**-**	**4,810**	**11,005**	**(6,195)**

Movement in deferred tax balances for the year ended March 31, 2021

(In Rs. Lakhs)

Particulars	Net balance April 1, 2020	(Charge)/ Credit in profit and loss	Recognised in OCI	Recognised in other equity	Net balance March 31, 2021	Deferred tax asset	Deferred tax liability
Deferred tax assets/ (liabilities)							
Difference of written down value of property, plant and equipment	193	78	-	-	271	271	-
Provision for defined benefit obligation and leave encashment	168	66	(4)	-	230	230	-
Impairment loss allowance on loan portfolio	1,272	4,663	-	-	5,935	5,935	-
Impact of amortisation of expense, offered to tax on upfront basis	(78)	27	-	-	(51)	-	(51)
Impact of amortisation of processing fee income, offered to tax on upfront basis	160	(214)	-	-	(54)	-	(54)
Gain on direct assignment deals, accounted for upfront, offered to tax on accrual basis	(296)	(689)	-	-	(985)	-	(985)
Fair value gain on loans	(2,729)	-	160	-	(2,569)	-	(2,569)
Difference of lease liabilities and right of use asset	2	(1)	-		1	1	-
Other items	210	(210)	-	-	-	-	-
Net deferred tax assets / (liabilities)	**(1,098)**	**3,720**	**156**	**-**	**2,778**	**6,437**	**(3,659)**

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Note 11: Property, plant and equipment

(In Rs. Lakhs)

Particulars	Freehold land (refer note)	Office equipment	Furniture and fixtures	Vehicles	Computers	Right of use assets under leases	Total
Cost:							
As at April 01, 2020	14	1,003	743	154	1,015	153	3,082
Additions	-	125	159	-	257	14	556
Disposals*	-	-	-	-	-	(21)	(21)
As at March 31, 2021	14	1,128	902	154	1,272	146	3,617
Additions		535	141	89	344	352	1,461
Disposals*				(24)		(10)	(34)
As at March 31, 2022	14	1,663	1,043	219	1,616	489	5,044
Accumulated depreciation:							
As at April 01, 2020	-	584	338	89	743	54	1,807
Depreciation charge for the year	-	210	121	20	227	53	631
Disposal	-	-	-	-	-		-
As at March 31, 2021	-	794	459	109	970	107	2,439
Depreciation charge for the year		292	132	24	304	67	819
Disposal							
As at March 31, 2022	-	1,085	591	133	1,274	174	3,257
Net book value:							
As at March 31, 2021	14	334	443	45	302	39	1,178
As at March 31, 2022	14	579	452	86	342	314	1,787

The details of property, plant and equipment hypothecated against borrowings are presented in Note 15.
*includes adjustments for security deposits in right of use assets.

Note: Title deeds (TD) of immovable property not held in the name of the Group

Details of immovable property not held in the Group's name (other than lease where the Group is lessee)

Relevant line item in balance sheet	Description of item of property	Gross carrying value	Title deeds held in the name of	TD holder- promoter, director or relative of P/D or employee of P/D	Property held since	Reason for not being held in the name of the Company
NA						

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Note 12: Intangible assets

(In Rs. Lakhs)

Particulars	Computer software
Deemed cost:	
As at April 01, 2020	**661**
Additions	149
Disposals	-
As at March 31, 2021	**810**
Additions	**345**
Disposals	-
As at March 31, 2022	**1,155**
Accumulated amortisation:	
As at April 01, 2020	**448**
Amortisation charge for the year	263
Disposal	-
As at March 31, 2021	**711**
Amortisation charge for the year	**288**
Disposal	-
As at March 31, 2022	**999**
Net book value:	
As at March 31, 2021	**99**
As at March 31, 2022	**156**

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Note 13: Leases (where the Group is lessee)

As a lessee:

The Group has lease contracts for premises used in its operations. Leases of premises generally have lease terms between 2 and 5 years.

The Group also has certain leases with lease terms of 12 months or less and leases with low-value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

(In Rs. Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Opening balance	39	99
Adjustment due to change in lease agreement and security deposit reclassification	(10)	(21)
Additions during the year	352	14
Depreciation expense	(67)	(53)
Closing balance	314	39

Set out below are the carrying amounts of lease liabilities and the movements during the year:

(In Rs. Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Opening balance	36	85
Adjustment due to change in lease agreement	-	(14)
Additions during the year	352	14
Accretion of interest	16	8
Payments	(81)	(57)
Closing balance	323	36

The effective interest rate for lease liabilities is from 10.88% to 13.01% with maturity between 2017 and 2031.

The following are the amounts recognised in the statement of profit or loss:

(In Rs. Lakhs)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Interest expense on lease liabilities (refer note 25)	16	8
Expense relating to short-term leases and other low value assets leases (included in other expenses) (refer note 29)	2,150	1,672
Total amount recognised in the statement of profit and loss	2,166	1,680

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Note 14: Trade payables:

(In Rs. Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Trade payables		
(a) total outstanding dues of micro enterprises and small enterprises	-	-
(b) total outstanding dues of creditors other than micro enterprises and small enterprises	291	227
Total	291	227

Trade payables ageing schedule as at March 31, 2022

(In Rs. Lakhs)

Particulars	Outstanding for following periods from due dates of payments						Total
	Not due	Unbilled	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	-	-	-	-	-	-	-
(II) Others	-	-	285	6	-	-	291
(iii) Disputed dues- MSME	-	-	-	-	-	-	-
(iv) Disputed dues- others	-	-	-	-	-	-	-

Trade payables ageing schedule as at March 31, 2021

(In Rs. Lakhs)

Particulars	Outstanding for following periods from due dates of payments						Total
	Not due	Unbilled	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	-	-	-	-	-	-	-
(II) Others	-	-	227	-	-	-	227
(iii) Disputed dues- MSME	-	-	-	-	-	-	-
(iv) Disputed dues- others	-	-	-	-	-	-	-

Note 14.1 Dues to the micro enterprises and small enterprises:

(In Rs. Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
(a) the principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier at the end of each accounting year;	-	-
(b) the amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	-	-
(c) the amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	-	-
(d) the amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
e) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-
Total	-	-

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Note 15: Debt securities

(In Rs. Lakhs)

Particulars	As at March 31, 2022			As at March 31, 2021		
	At amortised cost	At fair value through profit & loss	Total	At amortised cost	At fair value through profit & loss	Total
Redeemable, Non- convertible Debentures (secured)*	1,09,553	-	1,09,553	1,50,972	-	1,50,972
Compulsorily Convertible Preference Shares #	-	50,205	50,205	-	22,882	22,882
Redeemable Non- convertible Debentures (unsecured)**	10,124	-	10,124	-	-	-
Compulsorily Convertible Debentures (Unsecured)##	-	15,795	15,795	-	-	-
Total	1,19,677	66,000	1,85,677	1,50,972	22,882	1,73,854
Debt securities in India	34,367	-	34,367	72,427	-	72,427
Debt securities outside India	85,310	66,000	1,51,310	78,545	22,882	1,01,427
Total	1,19,677	66,000	1,85,677	1,50,972	22,882	1,73,854

* Redeemable non- convertible debentures (secured) (at amortised cost) ('NCDs')

Terms of debentures	Number of debentures		Face value	Amount in Lakhs		Charge details
	As at March 31, 2022	As at March 31, 2021		As at March 31, 2022	As at March 31, 2021	
12% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 1 lakh each redeemable at par at the end of seventy two months from the date of allotment i.e. December 08, 2015.	-	2,004	1,00,000	-	2,058	100%
13.10% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 1 lakh each redeemable at par at the end of seventy two months from the date of allotment i.e. December 10, 2015.	-	2,670	1,00,000	-	2,683	100%
13.78 % Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par partially from July 2020 with the date of allotment i.e. June 15, 2016	-	600	3,33,333	-	2,076	100%
12.49 % Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par every six months from March 2021 with the date of allotment i.e. August 30, 2017.	325	325	8,33,333	1,642	2,732	110%
12.376% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par at the end of seventy two months from the date of allotment i.e. September 22, 2020, subject to exercise of put option by the lender or call option by the company at the end of thirty six months from the date of allotment. Redeemable on maturity if option not exercised.	700	700	10,00,000	7,021	7,012	110%
12.1113% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par at the end of forty eight months from the date of allotment i.e. November 15, 2018, subject to exercise of put option by the lender or call option by the company at the end of twenty four months from the date of allotment. Redeemable on maturity if option not exercised.	460	460	10,00,000	4,808	4,791	105%
12.50% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 0.001 lakhs each redeemable at par at the end of eighty four months from the date of allotment i.e. December 19, 2018.	60,00,000	60,00,000	100	1,553	6,209	110%
12.50% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par at the end of thirty five months from the date of allotment i.e. December 20., 2018.	-	350	10,00,000	-	3,649	100%
11.8468% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par at the end of forty eight months from the date of allotment i.e. March 01, 2019, subject to exercise of put option by the lender or call option by the company at the end of twenty four months from the date of allotment. Redeemable on maturity if option not exercised.	1,000	1,000	10,00,000	10,097	10,047	105%
11.9526% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par at the end of sixty months from the date of allotment i.e. August 31, 2020, subject to exercise of put option by the lender or call option by the company at the end of thirty six months from the date of allotment. Redeemable on maturity if option not exercised.	1,000	1,000	10,00,000	10,102	9,961	100%
12.75% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakh each redeemable at par at the end of every six month from the date of allotment i.e. June 16, 2020.	1,000	1,000	8,33,333	5,000	8,322	100%
11.50% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakh each redeemable at par at the end of every year from the date of allotment i.e. July 30, 2020.	250	250	10,00,000	1,698	2,545	100%
10.25% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakh each redeemable at par at the end of every quarter from the date of allotment i.e. November 18, 2020.	1,000	1,000	10,00,000	2,529	10,073	110%
10.25% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakh each redeemable at par at the end of eighteen months from the date of allotment i.e. November 18, 2020.	350	350	10,00,000	3,541	3,536	110%

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10.25% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakh each redeemable at par at the end of eighteen months from the date of allotment i.e. November 18, 2020.	100	100	10,00,000	1,012	1,010	110%
10.39% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakh each redeemable at par partially beginning from the end of sixth month from the date of allotment i.e. March 30, 2021.	600	600	10,00,000	5,640	5,995	110%
11.75% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakh each redeemable at par at the end of thirty six months from the date of allotment i.e. July 24, 2020.	250	250	10,00,000	2,709	2,699	115%
10.50% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakh each redeemable at par at the end of eighteen months from the date of allotment i.e. September 29, 2020.	-	500	10,00,000	-	5,248	115%
11.50% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakh each redeemable at par at the end of thirty six months from the date of allotment i.e. June 05, 2020.	-	100	10,00,000	-	1,093	100%
10.50% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakh each redeemable at par at the end of eighteen months from the date of allotment i.e. December 04, 2020.	250	250	10,00,000	2,584	2,581	110%
11.50% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakh each redeemable at par at the end of eighteen months from the date of allotment i.e. August 07, 2020.	-	500	10,00,000	-	5,077	110%
11.50% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakh each redeemable at par at the end of eighteen months from the date of allotment i.e. August 07, 2020.	-	500	10,00,000	-	5,077	110%
10.00% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakh each redeemable at par at the end of eighteen months from the date of allotment i.e. July 21, 2020.	-	200	10,00,000	-	2,136	110%
11.60% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakh each redeemable at par at the end of thirty three months from the date of allotment i.e. July 15, 2020.	1,000	1,000	10,00,000	10,242	10,228	125%
11.50% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakh each redeemable at par at the end of thirty six months from the date of allotment i.e. June 26, 2020.	150	150	10,00,000	1,631	1,630	100%
10.75% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakh each redeemable at par at the end of eighteen months from the date of allotment i.e. August 12, 2020.	-	500	10,00,000	-	5,335	110%
12.00% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakh each redeemable at par at the end of every year from the date of allotment i.e. December 22, 2020.	275	275	10,00,000	1,897	2,812	110%
9.68% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 9 lakh each redeemable at par at the end of every six month from the date of allotment i.e. July 12, 2019.	695	695	7,00,000	3,547	4,942	110%
12.25% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 25 thousand each redeemable at par at the end of sixty months from the date of allotment i.e. July 07, 2020.	18,750	18,750	25,000	4,809	4,758	110%
12.20% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par at the end of fifty nine months from the date of allotment i.e. October 16, 2019.	730	730	10,00,000	7,712	7,637	100%
11.8926% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par at the end of Sixty months from the date of allotment i.e. July 09, 2021.	400	-	10,00,000	4,106	-	105%
11.8468% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par at the end of Sixty months from the date of allotment i.e. July 13, 2021.	370	-	10,00,000	3,792	-	105%
11% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 7500 each redeemable at par at the end of Forty two months from the date of allotment i.e. September 24, 2021.	66654	-	7,500	5,026	-	100%
11.30% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 1lakh each redeemable at par at the end of Sixty months from the date of allotment i.e. December 20, 2021.	-	-	-	6,530	-	100%
11.50% Secured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par at the end of seventy two months from the date of allotment i.e. April 23, 2021.	75	-	10,00,000	750	-	100%

** Redeemable non- convertible debentures (Unsecured) (at amortised cost) ('NCDs')

Terms of debentures	Number of debentures		Face value	Amount in Lakhs		Charge details
	As at March 31, 2022	As at March 31, 2021		As at March 31, 2022	As at March 31, 2021	
10.164% Unsecured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakh each redeemable at par at the end of Seventy two months from the date of allotment i.e. December 24, 2021.	300	-	10,00,000	3,098	-	0%

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12.11% Unsecured Redeemable, Non - Convertible Debentures of face value of Rs. 1 million each redeemable at par at the end of seventy two months from the date of allotment i.e. March 20, 2019, subject to exercise of put option by the lender or call option by the company at the end of thirty six months from the date of allotment. Redeemable on maturity if option not exercised.	700	700	10,00,000	7,027	7,021	0%

Compulsorily Convertible Preference Shares ('CCPS') (FVTPL)

Terms	Number of CCPS		Face value	Amount in Lakhs		Charge details
	As at March 31, 2022	As at March 31, 2021		As at March 31, 2022	As at March 31, 2021	
5%, 1,94,18,612 Series A compulsorily convertible preference shares of face value of Rs. 10 each issued at a premium of Rs. 107.75 ("Subscription Preference Shares") with a dividend of 0.01% of the face value (refer note below for terms of conversion for CCPS)	1,94,18,612	1,94,18,612	10.00	24,085	22,882	0%
0%, 8492469 Series A1 compulsorily convertible preference shares of face value of Rs. 10 each issued at a premium of Rs. 107.75 ("Subscription Preference Shares") with a dividend of 0.01% of the face value (refer note below for terms of conversion for CCPS)	84,92,469	-	10.00	10,000	-	0%
0%, 10808723 Series A1 compulsorily convertible preference shares of face value of Rs. 10 each issued at a premium of Rs. 107.75 ("Subscription Preference Shares") with a dividend of 0.01% of the face value (refer note below for terms of conversion for CCPS)	1,08,08,723	-	10.00	12,727	-	0%
0%, 2717622 Series A1 compulsorily convertible preference shares of face value of Rs. 10 each issued at a premium of Rs. 107.75 ("Subscription Preference Shares") with a dividend of 0.01% of the face value (refer note below for terms of conversion for CCPS)	27,17,622	-	10.00	3,200	-	0%

Compulsorily convertible debentures('CCD') (FVTPL)

Terms	Number of CCD		Face value	Amount in Lakhs		Charge details
	As at March 31, 2022	As at March 31, 2021		As at March 31, 2022	As at March 31, 2021	
15% Cumulative Compulsorily Convertible Debentures of face value of Rs. 10 each convertible at conversion rate the end of Eighty four months from the date of allotment i.e. November 23, 2021.	15,00,00,000	-	10.00	15,795	-	0%

Note: terms of conversion for CCPS

At the discretion of CCPS holder, the CCPS shall be converted into equity shares at the earlier of:
(i) at any time but not earlier than June 30, 2022 if the audited accounts for the financial year ending on 31 March 2022 are available or such other date on which the audited accounts for the financial year ending on 31 March 2022 are available ('Target Conversion Date');
(ii) at the time of closing of a subsequent round;
(iii) at the time of a Qualified IPO of the Holding Company in accordance with the shareholders' agreement; or
(iv) upon the Transfer of 100% (one hundred percent) of the share capital of the Holding Company, such date being the 'Conversion Date', at the 'Conversion Rate', which shall be determined in accordance with this Schedule XVII of the shareholder agreement.

Note: terms of conversion for CCD

Mandatory conversion
All the CCDs shall mandatorily convert into equity shares on the earlier of the following dates:
(a) Where the Company is undertaking an IPO, on the investor business day immediately preceding the date of filing of the red herring prospectus with SEBI in connection with such IPO; or
(b) the final maturity date.

Voluntary Conversion
Without prejudice to the mandatory conversion events, DEG and/ or any holder shall have right, exercisable by issuing a notice in writing to the Holding Company, to convert such number of CCDs as specified in such notice, into equity shares in the following manner and on the following dates:
(a) at any time with the consent of the Holding Company, on such date as may be mutually agreed with the Holding Company; or
(b) in the event that DEG and/ or any holder transfer their CCDs in accordance with the provisions of the shareholder's agreement on the date immediately prior to the date of consummation of the transfer of the securities.

Note: Charge against non convertible debentures
Non convertible debentures are secured against hypothecation of all the underlying receivables/book debts to the extent 1.1/1.0/1.05 times of the principal loan amount.

Note: Covenant breaches

The Group is in the process of obtaining lender consents / waivers for certain loan covenant breaches that are existing as on March 31, 2022. The Group has performed an assessment of its liquidity position, taking into account the impact of the loan covenant breaches, current liquid funds held and expected inflows from various sources of borrowings. Based on the foregoing assessment, management believes that the Group will be able to pay its obligations as and when these become due in the foreseeable future.

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Notes to the consolidated financial statements for the year ended March 31, 2022

Note 15.1 Terms of repayment of borrowings as on March 31, 2022

(In Rs. Lakhs)

Original maturity of loan	Interest rate	Due within 1 year		Due between 1 and 2 Years		Due between 2 and 3 Years		Due between 3 and 4 Years		Due between 4 and 5 Years		Due between 5 and 6 Years		Total
		No. of instalments	Amount	No. of instalments	Amount	No. of instalments	Amount	No. of instalments	Amount	No. of instalments	Amount	No. of instalments	Amount	
Monthly														
0-3 years	5.15%-12.50%	1,062	1,43,092	423	72,905	47	10,278	-	-	-	-	-	-	2,26,275
Above 3 years	9.45%-12.30%	27	4,241	3	406	-	-	-	-	-	-	-	-	4,647
Monthly total		1,089	1,47,333	426	73,311	47	10,278	-	-	-	-	-	-	2,30,922
Quarterly														
0-3 years	7.50%-12.25%	71	46,095	62	38,862	29	11,539	-	-	-	-	-	-	96,496
Above 3 years	10.00%-10.75%	4	2,652	3	1,761	-	-	-	-	-	-	-	-	4,413
Quarterly total		75	48,747	65	40,623	29	11,539	-	-	-	-	-	-	1,00,909
Half yearly														
0-3 years	7%-12.75%	3	9,740	3	4,810	3	9,459	-	-	-	-	-	-	24,009
Above 3 years	9.68%-12.49%	16	12,578	13	9,723	13	11,794	-	-	-	-	-	-	34,095
Half yearly total		19	22,318	16	14,533	16	21,253	-	-	-	-	-	-	58,104
Annually														
0-3 years	11.50%-12.00%	2	1,835	2	1,739	-	-	-	-	-	-	-	-	3,574
Annually total		2	1,835	2	1,739	-	-	-	-	-	-	-	-	3,574
Bullet														
0-3 years	9.50%-12.78%	11	31,979	3	13,915	-		-	-	-	-	-	-	45,894
Above 3 years	10.50%-16.50%	5	21,368	5	16,981	7	17,821	6	25,826	7	23,475	5	8,191	1,13,662
Bullet total		16	53,347	8	30,896	7	17,821	6	25,826	7	23,475	5	8,191	1,59,556
Grand total		1,201	2,73,580	517	1,61,102	99	60,891	6	25,826	7	23,475	5	8,191	5,53,065

A. Debentures

Non-convertible debentures issued by the Group are secured by way of first ranking exclusive hypothecation / charge on the owned portfolio of the Group to the extent of security cover ratio of 1.1:1 in favour of the debenture holders.

B. Term loans

Term loans from banks and others are secured by way of hypothecation of the outstanding loan portfolio, in addition to the fixed deposits being held as collateral security.

C. External commercial borrowings

The Group holds derivative instrument i.e. interest rate swap to mitigate the risk of changes in exchange rates and foreign currency exposure. The tenure of ECBs and derivative instruments are same and hence are treated as perfectly hedged.

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Notes to the consolidated financial statements for the year ended March 31, 2022

Note 15.2 Terms of repayment of borrowings as on March 31, 2021

(In Rs. Lakhs)

Original maturity of loan	Interest rate	Due within 1 year		Due between 1 and 2 Years		Due between 2 and 3 Years		Due between 3 and 4 Years		Due between 4 and 5 Years		Due between 5 and 6 Years		Total
		No. of instalments	Amount	No. of instalments	Amount	No. of instalments	Amount	No. of instalments	Amount	No. of instalments	Amount	No. of instalments	Amount	
Monthly														
0-3 years	6.43%-16.5%	603	82,441	316	46,390	106	14,922	1	269	-	-	-	-	1,44,022
Above 3 years	11.75%-13.65%	31	994	13	415	-	-	8	60	-	-	-	-	1,469
Monthly total		634	83,435	329	46,805	106	14,922	9	329	-	-	-	-	1,45,491
Quarterly														
0-3 years	10.35%-12.50%	133	50,694	78	30,106	9	1,803	1	207	-	-	-	-	82,810
Above 3 years	11.85%	4	499	2	249	-	-	-	-	-	-	-	-	748
Quarterly total		137	51,193	80	30,355	9	1,803	1	207	-	-	-	-	83,558
Half Yearly														
0-3 years		-	-	-	-	-	-	-	-	-	-	-	-	-
Above 3 years	9.68%-12.35%	10	9,573	12	10,090	10	7,939	8	5,200	5	4,110	-	-	36,912
Half yearly total		10	9,573	12	10,090	10	7,939	8	5,200	5	4,110	-	-	36,912
Bullet														
0-3 years	10.25%-12.78%	9	17,142	2	4,929	5	15,913	-	-	-	-	-	-	37,984
Above 3 years	11.17%-14.75%	5	10,099	11	23,006	5	17,028	4	10,606	3	14,239	4	11,811	86,789
Bullet total		14	27,241	13	27,935	10	32,941	4	10,606	3	14,239	4	11,811	1,24,773
Grand total*		795	1,71,442	434	1,15,185	135	57,605	22	16,343	8	18,349	4	11,811	3,90,734

* Vehicle loans of Rs. 3 lakhs have not been included in the above disclosure.

A. Debentures

Non-convertible debentures issued by the Group are secured by way of first ranking exclusive hypothecation / charge on the owned portfolio of the Group to the extent of security cover ratio of 1.1:1 in favour of the debenture holders.

B. Term loans

Term loans from banks and others are secured by way of hypothecation of the outstanding loan portfolio, in addition to the fixed deposits being held as collateral security.

C. External commercial borrowings

The Group holds derivative instrument i.e. interest rate swap to mitigate the risk of changes in exchange rates and foreign currency exposure. The tenure of ECBs and derivative instruments are same and hence are treated as perfectly hedged.

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Note 16: Borrowings other than debt securities *(at amortised cost)*

(In Rs. Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Term loans (secured)*		
Banks	2,86,278	1,70,932
Financials institutions	46,285	45,813
Non banking financial companies	15,276	12,708
External commercial borrowings**	42,802	32,679
Term loans (unsecured)		
External commercial borrowings**	11,409	16,006
Borrowings from Securitisation arrangement (secured)		
Securitisation transactions	363	4,169
Total	**4,02,413**	**2,82,307**
Borrowings in India	3,48,202	2,33,622
Borrowings outside India	54,211	48,685
Total	**4,02,413**	**2,82,307**

*Term loans are secured against hypothecation of all the underlying receivables/ loan assets/ book debts to the extent 1.0/ 1.05/ 1.1 times of the principal loan amount and margin money deposits. Secured term loans are repayable in equated principal plus interest as well as in equated instalments carrying interest rate ranging from 6.38% to 12.50% (March 31, 2021: 6.43% - 14.25%). The above loans are also secured by personal guarantee of promoters.

**External commercial borrowings are secured against hypothecation of all the underlying receivables/loan assets/book debts to the extent 1.0/1.05 times of the principal loan amount. Secured term loans are repayable in bullet payments/ semi annual payments carrying interest rate ranging from 10.00% - 12.78% (March 31, 2021: 10.50% - 12.18%).

Borrowings under securitisation arrangements

Represents securities issued by the special purpose vehicles ('SPVs') to the investors pursuant to the securitisation arrangement carrying a rate of interest in the rate of 8.90-10.90%. Since such arrangements do not fulfil the derecognition criteria under Ind AS 109, the Group has recognised the associated liabilities with a corresponding debit to loans and advances.

Utilisation of borrowings

Term loans were applied for the purpose for which the loans were obtained, other than Rs 87,714 lakhs which remain unutilised as at 31 March 2022 out of which term loans (including compulsorily convertible preference shares of Rs. 25,972 lakhs which have been classified as debt instrument) amounting to Rs 39,190 lakhs were received towards the end of the year. The Company has temporarily invested such unutilised balance in fixed deposits as at 31 March 2022.

Note 17: Subordinated liabilities *(at amortised cost)*

(In Rs. Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Indian Rupee term loan		
Subordinate debt (unsecured)- debentures*	30,650	28,746
Subordinate debt (unsecured)- term loans#	2,500	3,529
Total	**33,150**	**32,275**
Borrowings in India	14,387	17,916
Borrowings outside India	18,763	14,359
Total	**33,150**	**32,275**

*Subordinate debt NCDs are repayable in bullet payment carrying interest rate ranging from 12.21% to 14.9% p.a. (March 31, 2021: 12.21% - 17% p.a.)
#Subordinate debt term loans are repayable in bullet payment carrying interest rate ranging from 13.5% to 16.5% p.a. (March 31, 2021: 13.5% - 16.5% p.a.)

Subordinate debt (unsecured)- Debentures (at amortised cost)

Terms of debentures	Number of debentures		Face value	Amount in Lakhs	
	As at March 31, 2022	As at March 31, 2021		As at March 31, 2022	As at March 31, 2021
14.90% Unsecured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par at the end of sixty six months from the date of allotment i.e. March 15, 2016.	-	200	10,00,000	-	2,008
14.90% Unsecured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par at the end of sixty six months from the date of allotment i.e. March 28, 2016.	-	50	10,00,000	-	500
14.25% Unsecured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par at the end of seventy two months from the date of allotment i.e. September 29, 2016	250	250	10,00,000	2,501	2,490
13.99% Unsecured Redeemable, Non - Convertible Debentures of face value of Rs. 0.10 lakhs each redeemable at par at the end of seventy three months from the date of allotment i.e. March 24 2017	34,000	34,000	10,00,000	3,421	3,414
13.50% Unsecured Redeemable, Non - Convertible Debentures of face value of Rs. 0.10 lakhs each redeemable at par at the end of sixty six months from the date of allotment i.e. March 27 2018	150	150	10,00,000	1,502	1,499
12.87% Unsecured Redeemable, Non - Convertible Debentures of face value of Rs. 0.001 lakhs each redeemable at par at the end of eighty four months from the date of allotment i.e. May 2 2019	30,00,000	30,00,000	100	3,000	2,957
13.99% Unsecured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par at the end of eighty five months from the date of allotment i.e. March 24 2020	396	396	10,00,000	3,985	3,979

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12.29% Unsecured Redeemable, Non - Convertible Debentures of face value of Rs. 25 thousand each redeemable at par at the end of eighty five months from the date of allotment i.e. February 18 2028	28,500	28,500	25,000	7,310	7,006
12.21% Unsecured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par at the end of sixty months from the date of allotment i.e. March 31 2020	340	340	10,00,000	3,400	3,395
14.50% Unsecured Redeemable, Non - Convertible Debentures of face value of Rs. 0.10 lakhs each redeemable at par at the end of seventy three months from the date of allotment i.e. March 27, 2020	15,000	15,000	10,000	1,500	1,497
12.30% Unsecured Redeemable, Non - Convertible Debentures of face value of Rs. 10 lakhs each redeemable at par at the end of seventy two months from the date of allotment i.e. April 23, 2021	449	-	10,00,000	4,490	-

Sub debt (unsecured)- Term Loans (at amortised cost)

(In Rs. Lakhs)

Terms of term loan	Rate	As at March 31, 2022	As at March 31, 2021
16.5% Unsecured term loan , having tenure of 68 months, maturing in FY 2020-21	16.50%	-	1,000
13.5% Unsecured term loan , having tenure of 66 months, maturing in FY 2023-24	13.50%	2,500	2,529
Total		**2,500**	**3,529**

Note 17.1: Other financial liabilities

(In Rs. Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Insurance premium payable	1,749	962
Employee dues	1,753	1,118
Payable towards securitisation transaction	9,274	4,628
Liability against interest subvention scheme	-	914
Arranger / processing charges payable	-	612
Death claim payable to customers	-	474
Other financial liabilities - Other payable*	1,840	338
Lease liability for Right of use assets	323	36
Total	**14,939**	**9,082**

* consists of payable to vendors

Note 17.2: Other non-financial liabilities

(In Rs. Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Statutory dues payable	543	468
Total	**543**	**468**

Note 18: Provisions

(In Rs. Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Provision for employee benefits:		
Gratuity (refer note 33)	484	404
Leave encashment and availment	702	526
Provision on managed loan portfolio (under business correspondence arrangement)	-	104
Total	**1,186**	**1,034**

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Note 19: Equity Share Capital

The reconciliation of equity shares outstanding at the beginning and at the end of the year

(Amount in Rs. Lakhs except no. of shares)

Particulars	As at March 31, 2022	As at March 31, 2021
Authorised		
8,30,00,000 (March 31, 2021: 8,30,00,000) equity shares of Rs.10/- each	8,300	8,300
5,60,00,000 (March 31, 2021: 2,40,00,000) preference shares of Rs.10/- each	5,600	2,400
	13,900	**10,700**
Issued and subscribed		
7,28,95,160 (March 31, 2021: 6,87,15,948; April 1, 2020: 6,86,99,648) equity shares of Rs.10/- each (in Rs Lakhs)	7,289	6,872
	7,289	**6,872**
Fully paid up		
6,87,61,148 (March 31, 2021: 6,87,15,948; April 1, 2020: 6,86,99,648) equity shares of Rs.10/- each (in Rs Lakhs)	6,876	6,872
	6,876	**6,872**
Partly paid up		
41,34,012 (March 31, 2021: Nil; April 1, 2020: Nil) equity shares of Rs.0.09/- each (in Rs Lakhs)	4	-
Total Paid up	**6,880**	**6,872**
Less: Share with Trust	6	-
Total share capital	**6,874**	**6,872**

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

Particulars	In Nos.	Amount in Rs. Lakhs
As at March 31, 2020	**6,86,99,648**	**6,870**
Issued during the year	16,300	2
As at March 31, 2021	**6,87,15,948**	**6,872**
Issued during the period	41,79,212	8
Less: Share with Trust	61,200	6
As at March 31, 2022	**7,28,33,960**	**6,874**

Terms/ rights attached to equity shares

The Group has only one class of equity shares having par value of Rs 10 per share. Each holder of equity shares is entitled to one vote per share for matters other than "Investor Reserved Matters".

The Group declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing annual general meeting.

In the event of liquidation of the Group, the investors at their sole discretion have the option to receive an amount equal to 100% of each investor's aggregate investment amount after distribution of all creditors and preferential amounts. Thereafter, the promoters and promoter shareholders other than the investor shall receive pro-rata distribution of all their entire subscription amounts in proportion to their shareholding in the Group. Remaining surplus, if any shall be distributed to all equity shareholders on a pro rata basis.

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

Name of shareholder	As at March 31, 2022		As at March 31, 2021	
	No. of shares held	% of holding in the class	No. of shares held	% of holding in the class
Equity shares of Rs.10 each fully paid				
Gobinda Chandra Pattanaik	80,00,546	10.98%	67,60,343	9.84%
Belgian Investment Company for Developing Countries NV - SA (Investor)	95,27,723	13.08%	95,27,723	13.87%
Oikocredit Ecumenical Development Cooperative Society U.A. (Investor)	75,40,536	10.35%	75,40,536	10.97%
Women's World Banking Capital Partners, LP	58,00,000	7.96%	58,00,000	8.44%
Bamboo Financial Inclusions Fund II	46,45,695	6.38%	46,45,695	6.76%
Oman India Joint Investment Fund II	1,80,48,942	24.78%	1,80,48,942	26.27%
Asian Development Bank	1,16,88,702	16.05%	1,16,88,702	17.01%
Total	**6,52,52,144**		**6,40,11,941**	
Compulsory convertible preference shares of Rs. 10 each fully paid				
Pratap Chandra Dash on behalf of AIDS Awareness Trust of Orissa	30,00,000	6.75%	30,00,000	13.38%
Nuveen Global Impact Fund India S.A.R.L (*)	1,94,18,612	43.70%	1,94,18,612	86.62%
Accion Gateway Fund LLC (Sr A1 CCPS) (*)	84,92,469	19.11%	-	-
ESF HOLDINGS II (Sr A1 CCPS) (*)	1,08,08,723	24.32%	-	-
Oikocredit Ecumenical Development Cooperative Society U.A.(Sr A1 CCPS) (*)	27,17,622	6.12%	-	-
Total	**4,44,37,426**		**2,24,18,612**	

As per records of the Group, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

* treated as financial liabilities in accordance with Ind AS 32 and hence disclosed under note 15

Shares reserved for issue under options

For details of shares reserved for issue under the employee stock option (ESOP) of the Group, please refer Note 36.1 and 36.2.

Shareholding of promoters

Sr. No.	Promoter's name	No of shares	% of total shares	% change during the year
1	Gobinda Chandra Pattanaik	80,00,546	10.98%	18.35%
2	Dibyajyoti Pattanaik	17,19,805	2.36%	2497.89%

Information regarding issue of shares in the last five years

a. The Group has not issued any shares without payment being received in cash.
b. The Group has not issued any bonus shares.
c. The Group has not undertaken any buyback of shares.

Dividend not recognised at the end of the reporting year

a. The Group has not declared dividend at the end of reporting period. No dividend has been declared during the year (March 31, 2021- Nil)

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Note 20: Instruments entirely equity in nature

(In Rs. Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Compulsorily convertible preference shares (30,00,000 preference shares (March 31, 2021: 30,00,000 preference shares) of Rs 10 each fully paid up)	300	300
Total	**300**	**300**

Compulsorily convertible preference shares are non interest bearing, dividend is at the discretion of the Board of Directors and convertible at par at the option of the holder of the instrument, on account of which the company have this instruments as equity.

Note 21: Other equity

(In Rs. Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Statutory reserve (As required by Sec 45-IC of Reserve Bank of India Act, 1934)	4,549	4,205
Securities premium	39,853	40,076
Stock option outstanding	1,298	1,295
Retained earnings	17,625	16,220
Other comprehensive income	8,824	7,292
Total	**72,149**	**69,088**

(In Rs. Lakhs)

Statutory reserve (As required by Sec 45-IC of Reserve Bank of India Act, 1934)	Amount
Balance as at April 1, 2020	**4,169**
Transfer from retained earnings	36
Balance as at March 31, 2021	**4,205**
Transfer from retained earnings	344
Balance as at March 31, 2022	**4,549**

(In Rs. Lakhs)

Securities premium	Amount
Balance as at April 1, 2020	**40,217**
Share issue / debenture issues expenses	(141)
Balance as at March 31, 2021	**40,076**
Share issue / debenture issues expenses	(187)
Amortisation of vesting expenses of Employee stock option plan	(66)
ESOP exercised	30
Balance as at March 31, 2022	**39,853**

(In Rs. Lakhs)

Stock option outstanding	Amount
Balance as at April 1, 2020	**1,169**
Amortisation of vesting expenses of employee stock option plan	126
Balance as at March 31, 2021	**1,295**
Amortisation of vesting expenses of employee stock option plan	33
ESOP exercised	(30)
Balance as at March 31, 2022	**1,298**

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(In Rs. Lakhs)

Retained Earnings	Amount
Balance as at April 1, 2020	**16,063**
Profit for the year	182
Other comprehensive income	11
Transfer to statutory reserve	(36)
Balance as at March 31, 2021	**16,220**
Profit for the year	1,719
Other comprehensive income	30
Transfer to statutory reserve	(344)
Balance as at March 31, 2022	**17,625**

(In Rs. Lakhs)

Other items of Comprehensive Income (Fair valuation on portfolio & hedging)	Amount
Balance as at April 1, 2020	**7,767**
Other comprehensive income	(475)
Balance as at March 31, 2021	**7,292**
Other comprehensive income	1,532
Balance as at March 31, 2022	**8,824**

21.1 **Securities premium reserve**

Securities premium reserve is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.

21.2 **Statutory reserve (As required by Sec 45-IC of Reserve Bank of India Act, 1934)**

Statutory reserve represents the accumulation of amount transferred from surplus year on year based on the fixed percentage of profit for the year, as per section 451C of Reserve Bank of India Act 1934.

21.3 **Stock option outstanding**

The stock option outstanding account is used to recognise the grant date fair value of option issued to employees under employee stock option scheme.

21.4 **Other comprehensive income**

The Group recognises changes in the fair value of loan portfolio held with business objective of collect and sell in other comprehensive income and fair value of derivative contracts designated as cashflow hedges. These changes are accumulated within the FVOCI reserve in equity. The Group transfers amounts from this reserve to the statement of profit and loss when the loan is repaid. Any impairment loss on such instruments is reclassified immediately to the statement of profit and loss.

21.5 **Retained earnings**

Retained earnings represent the cumulative profit/(loss) of the Group and effects of re-measurement of defined benefit obligations and can be utilised in accordance with the provisions of the Companies Act, 2013.

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Note 22: Interest income

(In Rs. Lakhs)

Particulars	For the year ended 31 March, 2022			For the year ended 31 March, 2021		
	On financial assets measured at FVOCI	On financial assets measured at amortised cost	Total	On financial assets measured at FVOCI	On financial assets measured at amortised cost	Total
Interest income on loans	64,575	28,779	93,354	70,568	13,332	83,900
Interest income on securitised loans	-	-	-	-	857	857
Interest income on fixed deposits with Banks	-	5,660	5,660	-	5,792	5,792
Interest income on margin money deposits with NBFC/FI	-	79	79	-	117	117
Interest income on others	-	63	63	-	43	43
Total	64,575	34,581	99,156	70,568	20,141	90,709

Note 23.1: Fees and commission income

(In Rs. Lakhs)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Loan portfolio servicing fees	94	271
Total	94	271

Note 23.2: Net gain on fair value changes*

(In Rs. Lakhs)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Net gain on financial instruments at fair value through profit or loss	314	-
Total	314	-
Total fair value changes:		
- Realised	314	-
- Unrealised	-	-
Total	314	-

*includes fair value changes for mutual fund.

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Note 23.3: Net gain on assignment transactions

(In Rs. Lakhs)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Net gain on assignment transactions*	15,164	6,363
Total	15,164	6,363

* represents net gain accounted on derecognition of loans (assignment transactions) during the year designated at FVOCI

Note 24: Other income

(In Rs. Lakhs)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Net gain on derecognition of property, plant and equipment	10	-
Bad debt recovery	188	142
Miscellaneous income	363	226
Total	561	368

Note 25: Finance costs

(In Rs. Lakhs)

Particulars	For the year ended March 31, 2022			For the year ended March 31, 2021		
	Interest expenses on financial assets classified at amortised cost	Interest expenses on financial assets classified at fair value through profit or loss	Total	Interest expenses on financial assets classified at amortised cost	Interest expenses on financial assets classified at fair value through profit or loss	Total
Interest on debt securities #	17,419	2,003	19,422	13,380	-	13,380
Interest on borrowings other than debt securities	31,988	-	31,988	33,656	-	33,656
Interest on subordinated liabilities	4,597	-	4,597	3,736	-	3,736
Interest on lease liabilities	16	-	16	8	-	8
Other borrowing costs*	333	-	333	325	-	325
Total	54,353	2,003	56,356	51,105	-	51,105

* consists of credit rating fees, bank charges etc.
# including net loss of Rs. 194.06 lakhs on fair value changes.

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Note 26: Impairment of Financial instruments

(In Rs. Lakhs)

Particulars	For the year ended March 31, 2022			For the year ended March 31, 2021		
	On financial assets measured at FVOCI	On financial assets measured at amortised cost	Total	On financial assets measured at FVOCI	On financial assets measured at amortised cost	Total
Impairment on loan portfolio (own portfolio)	15,974	3,297	19,271	14,587	4,484	19,071
Impairment on loan portfolio (managed portfolio)	112	-	112	-	104	104
Total	16,086	3,297	19,383	14,587	4,588	19,175

Note 27: Employee benefit expenses

(In Rs. Lakhs)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Salaries and wages	25,851	18,519
Contributions to provident fund and other funds	1,595	1,103
Gratuity expense (refer note 33)	379	292
Expenses on employee stock option plan (refer note 36.1 and 36.2)	33	126
Staff welfare expenses	940	559
Total	28,798	20,599

The Code on social security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect is yet to be notified and the final rules/interpretation are yet to be promulgated. The Group is assessing the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

Note 28: Depreciation and amortisation expenses

(In Rs. Lakhs)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Depreciation on property, plant and equipment	818	631
Amortisation on intangible assets	288	262
Total	1,106	893

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Note 29: Other expenses

(In Rs. Lakhs)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Rent, taxes and energy costs	2,150	1,672
Office maintenance	461	313
Office expenses	741	547
Director fees, allowance and expenses	20	20
Travelling and conveyance	162	95
Communication expenses	309	266
Printing and stationery	375	253
Legal and professional fees	1,269	1,159
Auditor's fees and expenses (refer note 29.1 below)	141	85
Insurance	61	58
Provision and other contingencies*	272	167
Advertisement	12	15
Training and meeting expenses	494	317
Electricity charges	224	161
Corporate social responsibility expenses (refer note 29.2 below)	161	335
Miscellaneous expense	409	309
Total	7,261	5,772

* represents provision for insurance claims in respect of dues from deceased borrowers

Note 29.1: Auditor's fees and expenses

(In Rs. Lakhs)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
As auditor:		
Audit fee (excluding taxes)	74	59
Tax audit fee	-	-
Limited review fee	52	21
Other services (certification fees etc.)	15	6
Reimbursement of expenses	-	-
Total	141	86

Note 29.2: Corporate social responsibility

Gross amount required to be spent by the Group during the current year ended is Rs. 126.86 Lakhs (March 31, 2021: Rs. 123.91 Lakhs)

(In Rs. Lakhs)

Particulars	For the year ended March 31, 2022			For the year ended March 31, 2021		
	In cash	Yet to be paid in cash	Total	In cash	Yet to be paid in cash	Total
Construction/ acquisition of any assets	-	-	-	-	-	-
Corporate social responsibility expenses	161	-	161	335	-	335
Total	161	-	161	335	-	335

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Note 30: Earnings per share

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Net profit after tax as per the statement of profit and loss (In Rs. Lakhs)	1,719	182
Weighted average number of ordinary shares for basic earnings per share (Nos.)	**7,17,30,256**	**6,87,15,948**
Effect of dilution:		
Stock options granted under ESOP (Nos.)	39,42,065	39,42,065
Compulsorily convertible preference shares (Nos.)	-	30,00,000
Partly paid shares (Nos.)	3,47,939	-
Weighted average number of ordinary shares adjusted for effect of dilution (Nos.)	**7,60,20,260**	**7,56,58,013**
Earnings per share		
Basic earnings per share (Rs.)	2.40	0.26
Diluted earnings per share (Rs.)	2.26	0.24
Nominal Value per share (Rs.)	10	10

Note 31: Segment information

The Group is solely engaged in providing financial services to borrowers and accordingly there is only reportable business segment i.e. financial services for the purpose of Ind AS 108 on 'Operating Segments'. The Group operates in a single geographical segment i.e. domestic.

Note 32: Transfer of financial assets

Transferred financial assets that are not derecognised in their entirety

The following tables provide a summary of financial assets that have been transferred in such a way that part or all of the transferred financial assets do not qualify for de-recognition, together with the associated liabilities:

(In Rs. Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Securitisations		
Carrying amount of transferred assets measured at FVOCI	363	4,169
Carrying amount of associated liabilities (Debt securities - measured at amortised cost)	363	4,169
Fair value of transferred assets	363	4,169
Fair value of associated liabilities	363	4,169
Net position at fair value	-	-

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Note 33 Defined benefit plan

33.1 Reconciliation of net defined benefit liability

The following table shows a reconciliation from the opening balances to the closing balances for the net defined benefit liability/assets and its components:

(In Rs. Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Reconciliation of present value of defined benefit obligation		
Obligation at the beginning of the year	882	548
Current service cost	357	279
Interest cost	63	37
Past service cost	-	-
Benefits settled	(25)	(6)
Actuarial (gains)/ losses recognised in other comprehensive income		
- Changes in experience adjustments	(10)	(3)
- Changes in demographic assumptions	-	-
- Changes in financial assumptions	1	27
Transfer in	-	-
Obligation at the end of the year	**1,268**	**882**
Reconciliation of present value of plan assets		
Plan assets at the beginning of the year, at fair value	475	282
Interest income on plan assets	41	25
Re-measurement- actuarial gain / (loss)	(11)	6
Return on plan assets recognised in other comprehensive income	-	-
Contributions	304	168
Benefits settled	(25)	(6)
Plan assets at the end of the year, at fair value	**784**	**475**
Net defined benefit liability	**484**	**407**

33.2 Expense recognised in profit or loss

(In Rs. Lakhs)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Current service cost	357	279
Interest cost	63	37
Interest income	(41)	(24)
Net gratuity cost	**379**	**292**

33.3 Re-measurement recognised in other comprehensive income

(In Rs. Lakhs)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Re-measurement of the net defined benefit liability		
- Changes in experience adjustments	(10)	(3)
- Changes in financial assumptions	1	27
Re-measurement of the net defined benefit asset		
Return on plan assets (greater) / less than discount rate	(11)	6
Total Actuarial (gain)/ loss included in OCI	**(20)**	**30**

33.4 Plan assets

(In Rs. Lakhs)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Funds managed by insurer	100%	100%

33.5 Defined benefit obligation - Actuarial assumptions

(In Rs. Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Discount rate	7.10%	6.76%
Future salary growth	7.00%	7.00%
Attrition rate	Varying between 8% per annum to 1% per annum depending on duration and age of employees	Varying between 8% per annum to 1% per annum depending on duration and age of employees
Average term of liability (in years)	28.88	28.89

33.6 Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

(In Rs. Lakhs)

Particulars	As at March 31, 2022		As at March 31, 2021	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	1,121	1,442	777	1,011
Future salary growth (1% movement)	1,442	1,118	1,012	774
Attrition rate (1% movement)	1,255	1,276	868	897

33.7 Expected payment for future years

(In Rs. Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Within the next 12 months (next annual reporting period)	43	27
Between 2 and 5 years	218	198
Between 5 and 10 years	536	304
Total expected payments	**797**	**529**

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Note 34 Asset liability management:

Maturity pattern of assets and liabilities as on March 31, 2022:

(In Rs. Lakhs)

Particulars	Upto 30 / 31 days	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Borrowings	25,036	23,335	21,222	1,27,177	1,28,265	2,23,360	49,604	23,241	**6,21,240**
Advances (gross)	40,115	27,694	35,100	1,14,647	1,29,783	1,64,235	9,606	11,685	**5,32,865**
Investment in fixed deposit	67,091	9,468	16,423	13,149	21,499	24,343	1,115	-	**1,53,088**

Maturity pattern of assets and liabilities as on March 31, 2021:

(In Rs. Lakhs)

Particulars	Upto 30 / 31 days	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Borrowings	20,484	12,287	17,206	58,569	1,31,695	1,81,788	45,018	21,388	**4,88,435**
Advances (gross)	24,480	24,148	23,571	67,997	1,12,951	1,34,025	8,396	14,324	**4,09,892**
Investment in fixed deposit	47,965	22,051	5,671	15,584	18,961	15,778	184	-	**1,26,194**

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Note 35: Related party transactions

Name of the related parties (as per Ind AS 24) (Refer Note (a) below)

Relationship	Name of the party
(i) Key management personnel	Mr. Gobinda Chandra Pattanaik - Managing Director Mr. Dibyajyoti Pattanaik - Director Ms. Christina Stefanie Juhasz - Nominee Director Ms. Laetitia Counye - Nominee Director Mr. Ranganathan Varadarajan Dilip Kumar - Nominee Director (with effect from June 25, 2021) Mr. Prakash Kumar - Nominee Director Mr. Sunit Vasant Joshi - Nominee Director Mr. Venkiteswaran Mecherimadam Ramakrishnan - Nominee Director Ms. Radhika Jayant Sharoff - Nominee Director (with effect from June 25, 2021) Mr. Abhishek Agarwal - Nominee Director (with effect from December 23, 2021) Mr. Satish Chava - Nominee Director (till March 03, 2022) Mr. Ashok Ranjan Samal- Independent Director Mr. K.K. Tiwary- Independent Director Mr. Sean Leslie Nossel - Independent Director
(ii) Enterprise having significant influence over the Group	Oman India Joint Investment Fund II

Related Party transactions during the year:

(In Rs. Lakhs)

Particulars	For the year ended March 31. 2022	For the year ended March 31. 2021
(i) Key management personnel		
Salary, incentives and perquisites (Refer Note (b) below)		
Mr. Gobinda Chandra Pattanaik	200	153
Mr. Dibyajyoti Pattanaik	101	70
	301	**223**
Sitting fees paid		
Mr. Ashok Ranjan Samal	8	10
Mr.K.K. Tiwary	6	8
Mr. Sean Leslie Nossel	6	6
	20	**24**

Note:

a) Related parties have been identified on the basis of the declaration received by the Group and other records available.

b) The above remuneration to the key managerial personnel constitute the short term employee benefits and above does not include the provisions made towards post employment gratuity and leave benefits, as they are determined on an actuarial basis for the Group as a whole.

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Note 36.1 Employees stock option plan (ESOP)

The Group provides share-based payment schemes to its key management personnel. The plan in operation as on March 31, 2021 are ESOP Series- A and ESOP - Series -B.

Particulars	Series A	Series B (i)	Series B (ii)
Date of grant	June 29, 2012	March 19, 2014	March 19, 2014
Date of board approval	June 29, 2012	March 19, 2014	March 19, 2014
Date of shareholder's approval	June 29, 2012	March 19, 2014	March 19, 2014
Number of options expected to exercise within the vesting period	8,16,214	4,16,119	20,83,304
Exercise price per share (Rs.)	2.5	5	5
Method of settlement	Equity	Equity	Equity
Vesting period	March 31, 2013	March 31, 2015	March 31, 2016
Exercise period	Immediate after vesting period subject to shareholders' approval	Immediate after vesting period subject to shareholders' approval	Immediate after vesting period subject to shareholders' approval
Vesting conditions	Performance milestones as set out in shareholder agreement dated June 29, 2012	Performance milestones as set out in shareholder agreement dated March 19, 2014	Performance milestones as set out in shareholder agreement dated March 19, 2014

The detail of the plans have been summarised below:

Series A

Particulars	As at March 31, 2022		As at March 31, 2021	
	No. of options	Exercise price (Rs.)	No. of options	Exercise price (Rs.)
Outstanding at the beginning of the year	8,16,214	-	8,16,214	-
Adjustment of opening:	-	-	-	-
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	8,16,214	-	8,16,214	-
Exercisable at the end of the year	8,16,214	-	8,16,214	-
Weighted average remaining contractual life in years	-	-	-	-

Series B

Particulars	As at March 31, 2022		As at March 31, 2021	
	No. of options	Exercise price (Rs.)	No. of options	Exercise price (Rs.)
Outstanding at the beginning of the year	24,99,423	5.00	24,99,423	5.00
Adjustment of opening:	-	-	-	-
Granted during the year	-	-		-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	24,99,423	5.00	24,99,423	5.00
Exercisable at the end of the year	24,99,423	5.00	24,99,423	5.00
Weighted Average Remaining Contractual Life in Years	-	-	-	-

Effect of share-based payment plans (ESOP) on the statement of profit and loss:

Particulars	As at March 31, 2022	As at March 31, 2021
Stock options outstanding (gross)	1,298	1,295
Deferred compensation cost outstanding	-	-
Stock options outstanding (net)	1,298	1,295

The Stock option outstanding contains of Rs 544 lakhs for ESOP (A & B) as on March 31, 2022 (March 31, 2021: Rs. 544 lakhs) and Rs. 751 lakhs (March 31, 2021: Rs. 751 lakhs) for ESOP

Note
The issue of shares will be in accordance with the provisions of the Companies Act, 2013.

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Note 36.2 Employee stock option plan (ESOP)

On November 30, 2016 the board of directors approved the Annapurna stock option plan 2017 for issue of stock options to eligible employees of the Group. The relevant terms of the grant are as below:

Description	Grant - 2	Grant - 1
Date of grant	01 July 2018	01 July 2017
Date of board approval	30 November 2016	30 November 2016
Number of options granted	18,17,461	10,90,477
Method of settlement	Equity	Equity
Graded vesting	Vesting of the option will take place in equal proportion over a period of 3 years from the date of grant of options	
Exercise period		

The vested options can be exercised within a period of 5 years as per the table below:

End of the year	Exercise period	Exercise period
1	Within 4 years of 1st Vesting	Within 5 years of 1st Vesting
2	Within 3 years of 2nd Vesting	Within 4 years of 2nd Vesting
3	Within 2 years of 3rd Vesting	Within 3 years of 3rd Vesting

Vesting conditions	Continuous service with the Group and has not served any notice of resignation	
Weighted average remaining contractual life (years)	3 years	3 years
Weighted average exercise price per option (Rs.)	49	41

The details of activity under the plan 2017 are summarized below:

Grant 1

Description	March 31, 2022 (No. of options)	March 31, 2021 (No. of options)
Outstanding at the beginning of the year	9,52,800	11,28,400
Granted during the year	-	
Forfeited during the year	16,100	1,64,600
Exercised during the year	31,000	11,000
Outstanding at the end of the year	9,05,700	9,52,800
Exercisable at the end of the year	9,05,700	9,52,800
Weighted average remaining contractual life of options (years)	-	-
Weighted average share price during the exercise period (Rs.)	41	41

Grant 2

Description	March 31, 2022 (no. of options)	March 31, 2021 (no. of options)
Outstanding at the beginning of the year	4,32,600	5,08,300
Granted during the year	-	
Forfeited during the year	8,700	70,500
Exercised during the year	14,000	5,200
Outstanding at the end of the year	4,09,900	4,32,600
Exercisable at the end of the year	4,09,900	4,32,600
Weighted average remaining contractual life of options (years)	-	1
Weighted average share price during the exercise period (Rs.)	49	49

The black scholes valuation model has been used for computing the weighted average fair value considering the following inputs -

Particulars	Grant 2	Grant 1
Share price on the date of grant (Rs.)	90.64	76.09
Exercise price (Rs.)	49.00	41.00
Dividend yield (%)	-	-
Expected volatility (%)	56.14-57.59%	43.88% - 46.22%
Risk-free interest rate (%)	7.23-7.32%	6.60% - 6.74%
Weighted average fair value of stock options (Rs.)	61.13	48.29
Weighted average share price (Rs.)	90.64	76.09

The expected volatility reflects the assumption that is indicative of future trends, which may also not necessarily be the actual outcome. The cost of employee stock option plan has been recognised at fair value.

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Note 37: Maturity analysis of assets and liabilities

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

(In Rs. Lakhs)

Particulars	Within 12 months	After 12 months	Total
As at March 31, 2022			
ASSETS			
(1) Financial Assets			
(a) Cash and cash equivalents	95,151	-	95,151
(b) Bank balance other than (a) above	34,129	61,258	95,387
(c) Derivative financial instruments	1,355	-	1,355
(d) Receivables	-	-	-
(i) Trade receivables	5	-	5
(ii) Other receivables			
(e) Loans	3,47,339	1,41,477	4,88,816
(f) Other financial assets	21,271	4,846	26,117
Subtotal - Financial assets (A)	4,99,250	2,07,581	7,06,831
(2) Non-financial Assets			
(a) Current tax assets (net)	-	2,248	2,248
(b) Deferred tax assets (net)	-	4,810	4,810
(c) Property, plant and equipment	703	1,084	1,787
(d) Intangible assets	98	58	156
(e) Other non-financial assets	1,453	712	2,165
Subtotal - Non- financial assets (B)	2,254	8,912	11,166
Total Assets (A+B)	5,01,504	2,16,493	7,17,997
LIABILITIES AND EQUITY			
Liabilities			
(1) Financial liabilities			
(a) Derivative financial instruments	475	-	475
(b) 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	291	-	291
(c) Debt securities	87,101	98,576	1,85,677
(d) Borrowings (other than debt securities)	2,33,838	1,68,575	4,02,413
(e) Subordinated liabilities	2,700	30,450	33,150
(f) Other financial liabilities	14,676	263	14,939
Subtotal - Financial liabilities (A)	3,39,081	2,97,864	6,36,945
(2) Non-financial liabilities			
(a) Provisions	421	765	1,186
(b) Other non-financial liabilities	543	-	543
Subtotal - Non - financial liabilities (B)	964	765	1,729
(3) Equity			
(a) Equity share capital	-	6,874	6,874
(b) Instruments entirely equity in nature	-	300	300
(c) Other equity	-	72,149	72,149
Subtotal - Equity (C)	-	79,323	79,323
Total Liabilities and Equity (A+B+C)	3,40,045	3,77,952	7,17,997

(In Rs. Lakhs)

Particulars	Within 12 months	After 12 months	Total
As at March 31, 2021			
ASSETS			
(1) Financial Assets			
(a) Cash and cash equivalents	86,635	-	86,635
(b) Bank balance other than (a) above	39,621	42,560	82,181
(c) Receivables	37	-	37
(i) Trade receivables			
(ii) Other receivables			
(d) Loans	2,29,971	1,56,745	3,86,716
(e) Other financial assets	8,528	6,032	14,560
Subtotal - Financial assets (A)	3,64,792	2,05,337	5,70,129
(2) Non-financial Assets			
(a) Current tax assets (net)		125	125
(b) Deferred tax assets (net)	-	2,778	2,778
(c) Property, plant and equipment	508	670	1,178
(d) Intangible assets	62	37	99
(e) Other non-financial assets	534	664	1,198
Subtotal - Non- financial assets (B)	1,104	4,274	5,378
Total Assets (A+B)	3,65,896	2,09,611	5,75,507
LIABILITIES AND EQUITY			
Liabilities			
(1) Financial liabilities			
(a) 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	227		227
(b) Debt securities	56,950	1,16,904	1,73,854
(c) Borrowings (other than debt securities)	1,79,714	1,02,593	2,82,307
(d) Subordinated liabilities	3,578	28,697	32,275
(e) Other financial liabilities	9,079	3	9,082
Subtotal - Financial liabilities (A)	2,49,548	2,48,197	4,97,745
(2) Non-financial liabilities			
(a) Provisions	417	617	1,034
(b) Other non-financial liabilities	468	-	468
Subtotal - Non - financial liabilities (B)	885	617	1,502
(3) Equity			
(a) Equity share capital	-	6,872	6,872
(b) Instruments entirely equity in nature	-	300	300
(c) Other equity	-	69,088	69,088
Subtotal - Equity (C)	-	76,260	76,260
Total Liabilities and Equity (A+B+C)	2,50,433	3,25,074	5,75,507

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Note 38: Changes in liability arising from financing activities

(In Rs. Lakhs)

Particulars	As at April 1, 2021	Cash flows	Other	As at March 31, 2022
Debt securities	1,73,854	11,629	-	1,85,483
Borrowings other than debt securities	2,82,307	1,20,106	-	4,02,413
Subordinated liabilities	32,275	875	-	33,150
Lease liabilities	35	(78)	366	323
Total liabilities from financing activities	**4,88,471**	**1,32,532**	**366**	**6,21,369**

(In Rs. Lakhs)

Particulars	As at April 1, 2020	Cash flows	Other	As at March 31, 2021
Debt securities	64,179	1,09,675	-	1,73,854
Borrowings other than debt securities	3,00,783	(18,476)	-	2,82,307
Subordinated liabilities	25,776	6,499	-	32,275
Lease liabilities	85	(65)	15	35
Total liabilities from financing activities	**3,90,823**	**97,633**	**15**	**4,88,471**

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Note 39: Financial instruments – fair values

39.1 Accounting classification and fair values:

Carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy, are presented below. It does not include the fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Fair value hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).
There have been no transfers between Level 1 and Level 2 during the year.

(In Rs. Lakhs)

As at March 31, 2022	Carrying amount			
	FVTPL	FVTOCI	Amortised cost	Total
(1) Financial assets				
(a) Cash and cash equivalents	-	-	95,151	95,151
(b) Bank balance other than (a) above	-	-	95,387	95,387
(c) Derivative financial instruments	-	1,355	-	1,355
(d) Receivables				
(i) Trade receivables	-	-	5	5
(ii) Other receivables	-	-	-	-
(e) Loans		4,00,888	87,928	4,88,816
(f) Other financial assets	-	-	26,117	26,117
Total - financial assets	**-**	**4,02,243**	**3,04,588**	**7,06,831**
(2) Financial liabilities				
(a) Derivative financial instruments	-	475	-	475
(b) Payables				
(I) Trade payable				
(i) Total outstanding dues of micro enterprises and small enterprises	-	-	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	291	291
(II) Other payable				
(i) Total outstanding dues of micro enterprises and small enterprises	-	-	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	-	-
(c) Debt securities	66,000	-	1,19,677	1,85,677
(d) Borrowings (other than debt securities)	-	-	4,02,413	4,02,413
(e) Subordinated liabilities	-	-	33,150	33,150
(f) Other financial liabilities	-	-	14,939	14,939
Total - financial liabilities	**66,000**	**475**	**5,70,470**	**6,36,945**

(In Rs. Lakhs)

As at March 31, 2021	Carrying amount			
	FVTPL	FVTOCI	Amortised cost	Total
(1) Financial assets				
(a) Cash and cash equivalents	-	-	86,635	86,635
(b) Bank balance other than (a) above	-	-	82,181	82,181
(c) Derivative financial instruments				
(d) Receivables				
(i) Trade receivables			37	37
(ii) Other receivables	-	-	-	-
(e) Loans	-	2,93,906	92,810	3,86,716
(f) Other financial assets	-	-	14,560	14,560
Total - financial assets	**-**	**2,93,906**	**2,76,223**	**5,70,129**
(2) Financial liabilities				
(a) Derivative financial instruments	-	-	-	-
(b) Payables				
(I) Trade payable				
(i) Total outstanding dues of micro enterprises and small enterprises	-	-	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises			227	227
(II) Other payable				
(i) Total outstanding dues of micro enterprises and small enterprises	-	-	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	-	-
(c) Debt securities	22,882	-	1,50,972	1,73,854
(d) Borrowings (other than debt securities)	-	-	2,82,307	2,82,307
(e) Subordinated liabilities	-	-	32,275	32,275
(f) Other financial liabilities	-	-	9,082	9,082
Total	**22,882**	**-**	**4,74,863**	**4,97,745**

The carrying amounts of cash and cash equivalents, bank balances other than cash and cash equivalents, other financial assets/ liabilities, payables are considered to be the same as their face values, due to their short-term nature.

39.2 Measurement of fair values:

Valuation techniques and significant unobservable inputs:

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values, for financial instruments measured at fair value in the statement of financial position, as well as the significant unobservable inputs used.

As at March 31, 2022 (In Rs. Lakhs)

Financial assets (measured at fair value)	Carrying amount		Fair value		
	FVTPL	FVOCI	Level 1	Level 2	Level 3
Loans	-	4,00,888	-	4,00,888	-
Derivative financial instruments	-	1,355	-	1,355	-
Total	**-**	**4,02,243**	**-**	**4,02,243**	**-**

As at March 31, 2021 (In Rs. Lakhs)

Financial assets (measured at fair value)	Carrying amount		Fair value		
	FVTPL	FVOCI	Level 1	Level 2	Level 3
Loans	-	2,93,906	-	2,93,906	-
Total	**-**	**2,93,906**	**-**	**2,93,906**	**-**

As at March 31, 2022 (In Rs. Lakhs)

Financial liabilities (measured at fair value)	Carrying amount		Fair value		
	FVTPL	FVOCI	Level 1	Level 2	Level 3
Derivative financial instruments	-	475	-	475	-
Debt securities	66,000	-	-	66,000	-
Total	**66,000**	**475**	**-**	**66,475**	**-**

Note: None for March 31, 2021

Valuation technique used for Loan Portfolio:

The scheduled future cash flows (including principal and interest) are discounted using the lending rate prevailing as at the balance sheet date. The discounting factor is applied assuming the cash flows will be evenly received in a month.

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Note 40: Capital management:

The Group maintains an actively managed capital base to cover risks inherent in the business which includes issued equity capital, share premium and all other equity reserves attributable to equity holders of the Group.

As an NBFC, the RBI requires us to maintain a minimum capital to risk weighted assets ratio ("CRAR") consisting of Tier I and Tier II capital of 15% of our aggregate risk weighted assets. Further, the total of our Tier II capital cannot exceed 100% of our Tier I capital at any point of time. The capital management process of the Group ensures to maintain a healthy CRAR at all the times.

Capital management

The primary objectives of the Group's capital management policy are to ensure that the Group complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value.

The Group manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes have been made to the objectives, policies and processes from the previous years. However, they are under constant review by the Board. The Group monitors its capital to risk weighted assets ratio (CRAR) on a monthly basis.

Note 40.1: Additional disclosures given in terms of Notification dated March 24, 2021 issued by Ministry of Corporate affairs:

a. Title deed of immovable properties
The title deed of properties are held in the name of the Group. Hence, other disclosure requirements are not applicable.
b. As at March 31, 2022 and as at March 31, 2021, the Group does not have any loans and advances outstanding to promoters, directors, KMPs and the related parties, that are repayable on demand or without specifying any terms of repayment.
c. Capital work in progress & intangible assets under development amounts to Nil as at March 31, 2022 and March 31, 2021.
d. There is no proceedings initiated/ pending against the Group for benami property.
e. The Group has not been sanctioned any working capital limits in excess of Five crores rupees in aggregate from banks and financial institutions on the basis of security of current assets at any point of time of the year. Accordingly, no quarterly returns filed by the Group with the banks or financial institutions.

f. The Group has not been declared as Wilful Defaulter by any bank or financial institution or any lender.
g. During FY2022 and FY2021, the Group did not have any transactions with the companies struck off under section 248 of Companies Act, 2013 or section 560 of Companies Act, 1956.

h. There is no charge which is yet to be created with ROC. Where any charges or satisfaction yet to be registered with ROC beyond the statutory period, details and reasons thereof shall be disclosed. The Group shall provide the details in relation to each charge or satisfaction that are not registered by the statutory date. Such details may include a brief description of the charges or satisfaction, the location of the Registrar, the period (in days or months) by which such charge had to be registered and the reason for delay in registration.

i. Compliance with number of layers of Companies: As per Companies (Restriction on number of layers) Rules, 2017, non-banking financial companies are exempted from restriction on number of layers.

j. The Group has not advanced or loaned or invested (either from borrowed fund or share premium or any other sources or other kinds of funds) to or in any other person or entity, including foreign entity ('Intermediaries') with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf the Ultimate Beneficiaries.

k. The Group has not traded or invested in crypto currencies during the financial year.

l. The Group has not entered in to any scheme of arrangement.

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Note 41: Risk management

1 Introduction and risk profile

Annapurna Finance Private Limited ('Group') is one of the leading microfinance institutions in India focused on providing financial support to women from low income households engaged in economic activity with limited access to financial services. The Group predominantly offers collateral free loans to women from low income households, willing to borrow in a group and agreeable to take joint liability. The wide range of lending products address the critical needs of customers throughout their lifecycle and include income generation, home improvement, sanitation and personal emergency loans. With a view to diversifying the product profile, the Group has introduced individual loans for matured group lending customers. These loans are offered to customers having requirement of larger loans to expand an existing business in their individual capacity.

The common risks for the Group are operational, business environment, political, regulatory, concentration, expansion and liquidity. As a matter of policy, these risks are assessed and steps as appropriate, are taken to mitigate the same.

1.1 Risk management structure

The Board of Directors are responsible for the overall risk management approach and for approving the risk management strategies and principles.The Risk Management framework approved by the Board has laid down the governance structure supporting the identification, assessment, monitoring, reporting and mitigation of risk throughout the Group. The objective of the risk management platform is to make a conscious effort in developing risk culture within the organisation and having appropriate systems and tools for timely identification, measurement and reporting of risks for managing them.

The Group's policy is that risk management processes throughout the Group are audited quarterly by the Internal Audit function, which examines both the adequacy of the procedures and the Group's compliance with the procedures. Internal Audit discusses the results of all assessments with management, and reports its findings and recommendations to the Audit Committee.

1.2 Risk mitigation and risk culture

Risk assessments shall be conducted for all business activities. The assessments are to address potential risks and to comply with relevant legal and regulatory requirements. Risk assessments are performed by competent personnel from individual departments and risk management department including, where appropriate, expertise from outside the Group. Procedures shall be established to update risk assessments at appropriate intervals and to review these assessments regularly. Based on the Risk Control and Self Assessment (RCSA), the Group shall formulate its Risk Management Strategy / Risk Management plan on annual basis. The strategy will broadly entail choosing among the various options for risk mitigation for each identified risk. The risk mitigation can be planned using the following key strategies:

Risk Avoidance: By not performing an activity that could carry risk. Avoidance may seem the answer to all risks, but avoiding risks also means losing out on the potential gain that accepting (retaining) the risk may have allowed.

Risk Transfer: Mitigation by having another party to accept the risk, either partial or total, typically by contract or by hedging.

Risk Reduction: Employing methods/solutions that reduce the severity of the loss

Risk Retention: Accepting the loss when it occurs. Risk retention is a viable strategy for small risks where the cost of insuring against the risk would be greater over time than the total losses sustained. All risks that are not avoided or transferred are retained by default. This includes risks that are so large or catastrophic that they either cannot be insured against or the premiums would be infeasible.

1.3 Risk measurement and reporting systems

The Mangement would review the following aspects of business specifically from a risk indicator perspective and suitably record the deliberations during the monthly meeting.

- Review of business growth and portfolio quality.
- Discuss and review the reported details of PAR, Key Risk Threshold breaches (KRI's), consequent responses and review of operational loss events, if any.
- Review of process compliances including audit performance across organisation
- Review of HR management, training and employee attrition
- Review of new initiatives and product/policy/process changes
- Discuss and review performance of IT systems
- Review the status of strategic projects initiated
- Review, where necessary, policies that have a bearing on the operational risk management and recommend amendments.
- Discuss and recommend suitable controls/mitigations for managing operational risk and assure that adequate resources are being assigned to mitigate the risks.
- Review analysis of frauds, potential losses, non-compliance, breaches etc. and determine corrective measures to prevent their recurrences.
- Understand changes and threats, concur on areas of high priority and possible actions for managing/mitigating the same.

1.4 Risk management strategies

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographical location.
The following management strategies and policies shall be adopted by the Group to manage the various key risks.

Political Risk mitigation measures:
- Low cost operations and Low pricing for customers
- Customer centric Approach, High Customer Retention
- Rural Focus
- Systematic customer awareness activities
- High Social Focused Activities
- Adherence to client protection guidelines
- Robust Grievance Redressal Mechanism
- Adherence to regulatory guidelines in letter and spirit

Concentration Risk mitigation measures:
- District Centric Approach
- District Exposure Cap
- Restriction on growth in urban locations
- Maximum Disbursement Cap per loan account
- Maximum loan exposure Cap per customer
- Diversified Funding Resources

Operational & HR Risk mitigation measures:
- Stringent customer enrolment process
- Multiple products
- Proper recruitment policy and appraisal system
- Adequately trained field force
- Weekly & fortnightly collections – higher customer touch, lower amount instalments
- Multilevel monitoring framework
- Strong, Independent and fully automated Internal Audit Function
- Strong IT system with access to real time client and loan data

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Liquidity Risk mitigation measures:
- Diversified funding resources
- Asset Liability management
- Effective Fund management
- Maximum Cash holding Cap

Expansion Risk mitigation measures:
- Contiguous growth
- District centric approach
- Rural focus
- Branch selection based on Census Data & Credit Bureau Data
- Three level survey of the location selected

2 Impairment assessment/ credit risk (Also refer Note 8a)

Credit risk is the risk of loss that may occur from defaults by our Borrowers under our loan agreements. In order to address credit risk, we have stringent credit assessment policies for client selection. Measures such as verifying client details, online documentation and the usage of credit bureau data to get information on past credit behaviour also supplement the efforts for containing credit risk. We also follow a systematic methodology in the opening of new branches, which takes into account factors such as the demand for credit in the area; income and market potential; and socio-economic and law and order risks in the proposed area. Further, our client due diligence procedures encompass various layers of checks, designed to assess the quality of the proposed group and to confirm that they meet our criteria.

The references below show where the Group's impairment assessment and measurement approach is set out in this report. It should be read in conjunction with the Summary of significant accounting policies.

2.1 Definition of default, significant increase in credit risk and stage assessment

For the measurement of ECL, Ind AS 109 distinguishes between three impairment stages. All loans need to be allocated to one of these stages, depending on the increase in credit risk since initial recognition (i.e. disbursement date):

Stage 1 includes loans for which the credit risk at the reporting date is in line with the credit risk at the initial recognition (i.e. disbursement date)

Stage 2 includes loans for which the credit risk at reporting date is significantly higher than at the risk at the initial recognition (Significant Increase in Credit Risk)

Stage 3 includes default loans. A loan is considered default at the earlier of (i) the bank considers that the obligor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing collateral (if held); or (ii) the obligor is past due 90 days or moreon any material credit obligation to the Group.

The Group offers products with monthly repayment frequency, and has identified the following stage classification to be the most appropriate for its Loans:
Stage 1: Low credit risk, i.e. 0 to 30 days past due
Stage 2: Significant increase in credit risk, i.e. 31 to 90 days past due (SICR)
Stage 3: Credit Impaired assets, i.e. more than 90 days past due or cases where the company suspects fraud and legal proceedings are initiated (default).

2.2 Probability of default

PD describes the probability of a loan to eventually falling into Stage 3. PD %age is calculated for each state separately and is determined by using available historical observations.

PD for stage 1: is derived as %age of all loans in stage 1 moving into stage 3 in 12-months' time.
PD for stage 2: is derived as %age of all loans in stage 2 moving into stage 3 in the maximum lifetime of the loans under observation.
PD for stage 3: is derived as 100% considering that the default occurs as soon as the loan becomes overdue for 90 days which matches the definition of stage 3.

-Probability of default (PD) using 12 months static pool methodology is computed for each 12-month period of observation starting from March 2016 till March 2022 which is 7-years period of historical information.

2.3 Exposure at default

EAD represents gross carrying amount at the reporting date adjusted for future estimated prepayments in case of stage 1 and stage 2. In case of stage 3 loans EAD represents gross carrying amount at the time when the default occurred for first time.

2.4 Loss given default

LGD is the opposite of recovery rate. LGD = 1 – (Recovery rate). LGD is calculated based on past observations of Stage 3 loans.
The set of cash flow from the date of default, discounted at the contractual interest rate and divided by the exposure at default gives the LGD estimate. The default weighed historic LGD are used to align the ECL calculation to the actual scenario and to improve the predictive power of the model.

2.5 Grouping financial assets measured on a collective basis

The Group believes that the all loans disbursed in a particular state have shared risk characteristics (i.e. homogeneous). Therefore, the state wise loan portfolio are treated as separate groups and the Group will separately calculate credit losses for them.

2.6 Analysis of inputs to the ECL model under multiple economic scenarios

Adjusting the ECL to reflect the expected changes (if any) in the economic environment for forward looking information in the form of management overlay.

3 Liquidity risk and funding management

Liquidity risk arises due to the unavailability of adequate amount of funds at an appropriate cost and tenure. The Group may face an asset-liability mismatch caused by a difference in the maturity profile of our assets and liabilities. This risk may arise from the unexpected increase in the cost of funding an asset portfolio at the appropriate maturity and the risk of being unable to liquidate a position in a timely manner and at a reasonable price. We monitor liquidity risk through our Asset Liability Management Committee. Monitoring liquidity risk involves categorizing all assets and liabilities into different maturity profiles and evaluating them for any mismatches in any particular maturities, particularly in the short-term. We actively monitor our liquidity position to ensure that we can meet all borrower and lender-related funding requirements.

There are liquidity risk mitigation measures put in place which helps in maintaining the following.

3.1 Diversified funding resources:

The Group treasury department secures funds from multiple sources, including banks, financial institutions and is responsible for diversifying our capital sources, managing interest rate risks and maintaining strong relationships with banks, financial institutions, mutual funds, insurance companies, other domestic and foreign financial institutions and rating agencies. The Group continuously seek to diversify its sources of funding to facilitate flexibility in meeting our funding requirements. Due to the composition of our loan portfolio, which also qualifies for priority sector lending, it also engages in securitization and assignment transactions.

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4 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market factor. Such changes in the values of financial instruments may result from changes in the interest rates, credit, liquidity and other market changes. The Group is exposed to interest rate risk as follows:

4.1 Interest rate risk (IRR)

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. We are subject to interest rate risk, principlely because we lend to clients at fixed interest rates and for periods that may differ from our funding sources, while our borrowings are at both fixed and variable interest rates for different periods. We assess and manage our interest rate risk by managing our assets and liabilities. Our Asset Liability Management Committee evaluates asset liability management, and ensures that all significant mismatches, if any, are being managed appropriately. The Group has board approved Asset Liability Management (ALM) policy for managing interest rate risk and policy for determining the interest rate to be charged on the loans given.

The following table demonstrates the sensitivity to a reasonably possible change in the interest rates on the portion of borrowings affected. With all other variables held constant, the profit before tax is affected through the impact on floating rate borrowings, as follows:

(In Rs. Lakhs)

	Impact on profit		Impact on pre tax equity	
Finance cost	For the year ended March 31, 2022	For the year ended March 31, 2021	For the year ended March 31, 2022	For the year ended March 31, 2021
0.50 % Increase	(282)	(256)	(282)	(256)
0.50 % Decrease	282	224	282	224

5.0 Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign currency risk arise majorly on account of foreign currency borrowings. The Group manages its foreign currency risk by entering in to cross currency swaps and forward contract. When a derivative is entered in to for the purpose of being as hedge. The Group currently doesnot have any exposure to foreign currency.

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Annapurna Finance Private Limited
Notes to the consolidated financial statements for the year ended March 31, 2022

Note 42: Additional disclosure in terms of Schedule III to the Companies Act, 2013

(Rs. In Lakhs)

Name of the entity in the Group	Net assets i.e.total assets minus total liabilities		Share in profit (or loss)		Share in other comprehensive income		Share in total comprehensive income	
	As a % of consolidated net assets	Amount	As a % of consolidated profit or loss	Amount	As a % of consolidated other comprehensive income	Amount	As a % of consolidated total comprehensive income	Amount
Holding company								
Annapurna Finance Private Limited	99.27%	79,322	99.56%	1,712	100.00%	1,562	100.00%	3,274
Subsidiaries								
Annapurna SME Finance Private Limited	0.64%	508	0.44%	8	0.00%	-	0.00%	-
Annapurna Employee Welfare Trust	0.10%	76	0.00%	-	0.00%	-	0.00%	-
Total	**100.00%**	**79,906**	**100.00%**	**1,719**	**100.00%**	**1,562**	**100.00%**	**3,274**
a) Adjustment arising out of consolidation		-		-		-		-
b) Non controlling interest in Annapurna SME Finance Private Limited		-	0.04%	0		-		-
Total		**79,906**	0%	**1,719**		**1,562**		**3,274**

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Note 43: Impact of COVID-19 on business and expected credit losses

The outbreak of COVID-19 pandemic has affected several countries across the world, including India, resulting in significant volatility in financial market and significant decrease in global and Indian economy. The government is undertaking several measures to restrict the spread of virus and provide financial support to some stressed sectors. While the situation had improved significantly and there had been an all-round recovery in economic activity, the situation will have to closely monitored till the pandemic is finally put to rest. Management will continue to closely monitor the material changes in macro-economic factors impacting the operations of the Group. The Group has incorporated estimates, assumptions, judgements specific to the impact of Covid-19 pandemic and the associated support packages in the measurement of impairment loss allowance. The final impact of this pandemic is very uncertain and the actual impact may be different than that estimated based on the conditions prevailing as at the date of approval of financial statements.

Note 44: There have been no events after the reporting date that require adjustment / disclosure in these financial statements.

As per our report of even date

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

Sameer Mota
Partner
Membership No.: 109928

Bhubaneswar
May 27, 2022

For and on behalf of the Board of Directors of
Annapurna Finance Private Limited
CIN: U65999OR1986PTC015931

Gobinda Chandra Pattanaik
Managing Director
(DIN: 02716330)

Dibyajyoti Pattanaik
Director
(DIN: 02764187)

Subrat Pradhan
Company Secretary

Satyajit Das
Chief Financial Officer

Bhubaneswar
May 27, 2022