FIVE STAR

Ordinary Individuals Extraordinary Team

ANNUAL REPORT

2019 - 2020

FIVE STAR

Business Finance Limited

Vision

Reaching the Unreached through suitable credit solutions

Mission

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

Corporate Information

Board of Directors

D Lakshmipathy
A Ramanathan
R Anand
Bhama Krishnamurthy
B Haribabu
L R Raviprasad
Vikram Vaidyanathan
Thirulokchand Vasan
Ling Wei Ong
Arjun Saigal
G V Ravishankar
Sanjeev Mehra

Board Observer

Niren Shah

Key Managerial Personnel

K Rangarajan
Chief Executive Officer

G Srikanth
Chief Financial Officer

B Shalini
Company Secretary

Statutory Auditors

B S R & Co. LLP
KRM Tower, 1st and 2nd Floor,
No. 1, Harrington Road, Chetpet,
Chennai - 600031

Internal Auditors

Sundaram & Srinivasan
39-A, G K Flats,
South Boag Road, T Nagar,
Chennai - 600017

Secretarial Auditor

S Sandeep & Associates
F – 20, Gemini Parsn Apts,
448/ 599, Cathderal Garden
Road, Nungambakkam,
Chennai – 600006

Registrar and Transfer Agents

NSDL Database Management Limited
4th Floor, Trade World, 'A' Wing, Kamala Mills Compound,
Lower Parel, Mumbai – 400013

Registered Office

New No 27, Old No 4, Taylor's Road,
Kilpauk, Chennai - 600010
CIN: U65991TN1984PLC010844

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CHAIRMAN'S MESSAGE

Message from The Chairman & Managing Director

Dear Shareholders,

Its' with mixed feelings that I am writing to you this year, in my capacity as the Chairman and Managing Director of your company, to provide an update on the performance of your company during the financial year 2019-20.

The financial year ended March 31, 2020 was supposed to be a special year for your company. 2020 will be remembered as the year when your company was on the cusp was achieving something very special, something that was charted out 30 months back. It would not be an overstatement if I say that every employee of your company gave his / her heart and soul towards achieving this. Let me lay down the details of what we wanted to achieve and the contours of this journey over the last 30 months.

The Target – 4,040 by 2020 i.e. 4,040 Crores by March 2020

This journey can be broken up into the following phases:

***The Dream Phase* –** 30 months back, your company embarked on an ambitious journey of achieving a portfolio of 4,040 Crores by March 2020. Sep 2017 marked the month when your company dared to dream big. From a portfolio of about 700 Crores in Sep 2017, your company set itself a target a 4,040 Crores translating to an ambitious growth of about 6x over 30 months. This was indeed an extremely ambitious target given where your company was in Sep 2017. However, we were excited and enthusiastic about our dream; it consumed us like a forest fire, which we could smell, taste, feel and see from a mile away!

***The Belief Phase* –** Setting a target was one thing but it was essential for everyone in the organisation to develop a firm belief in the target and the means and methods towards achieving this target. Every effort was made to completely focus the attention of every single employee towards this target. *"So many of our dreams at first seem impossible, then seem improbable, and then, when we summon the will, they soon become inevitable".* This was our mindset, not just the Management or the people at the Head Office but every employee developed firm conviction in the dream and set out towards realising it.

***The Execution Phase* –** With firm belief in the dream, your company laid out detailed plans towards achieving the target set. For 30 months, every employee's single-pointed attention was completely focused on this. Branches were put up, officers were hired, supervisory layers were strengthened, monthly / quarterly targets were set up and tracked day in and day out. For 30 months since Sep 2017, every employee in the company not just lived the dream but lived to see the day when this dream would become reality.

As Mark Twain remarks, *"We sailed away from the safe harbour, we caught the trade winds in our sails. We set out to Dream, Explore and Discover".*

By the mid of March 2020, we were just half a step away from the target and I vividly remember the infectious enthusiasm that permeated the environment then. There was palpable excitement that the efforts of the last 30 months were about to bear fruit but that is when providence decided to intervene in the form of COVID-19. The last 10 days of March 2020 was lost due to lockdown and you company's business and collections prospects were hampered. Despite having sufficient disbursals on hand to comfortably achieve the target, your company chose not to chase the target, given the uncertainty around the future. As always, your company chose prudence over achievement, conservatism over triumph, vigilance over victory. We did fall marginally short of the magical target, but the way we worked towards the target for 30 months and still chose to resist the temptation to achieve it any cost, given the significant change in conditions, were enough reasons for us to hold our heads high.

More so, as I write to you today, I cannot but feel a sense of pride in the way your company's employees reacted to this unprecedented crisis. Their shoulders did sag, but only for a brief while. Eventually, they lifted themselves out of this crisis carrying your company on their shoulders. Having seen the dream evaporate in front of their eyes, they did not let it affect the best they could still give the company. Picking themselves up, they kept constant touch with the customers even during the last 10 days of March, exhorting them to make payments on their loans. Needless to say, their efforts were instrumental in containing the Gross Stage 3 assets (erstwhile Non-Performing Assets) at 1.37%, without taking any dispensation benefit provided by RBI.

While their contributions during the last 10 days of March 2020 were laudable, the way they rose to the occasion to confront the vicissitudes caused by COVID is nothing short of remarkable.

However, before I get into your employees' contributions during the current financial year, I would like to list some of the key business highlights and achievements of your company during FY 2020:

- *Disbursed an amount of about 2,400 Crores to about 79,000 borrowers, resulting in an increase in the borrower base from around 73,000 to more than 140,000*
- *Increase in Assets under Management (AUM) from INR 2,113 Cr to INR 3,892 Cr, registering a growth of over 84%*
- *Profit After Tax increased from about INR 157 Crores during the previous year to about INR 261 Cr INR during the year*
- *Gross NPA of 1.36%; while this is higher than what would have materialized in the absence of COVID-19, this is still one of the best asset qualities among companies operating in this borrower segment*
- *Provided employment incrementally to almost 2,000 staff and closed with a staff headcount of about 4,000*
- *Incremental debt availment of INR 1,800 Cr during the year (as against INR 636 Cr in the previous year), despite the adverse sentiments that existed towards NBFCs during the year*
- *Additional equity capital of INR 315 Cr was infused by TPG Capital, reinforcing their confidence in your company*

Getting back to the employee contributions during the first quarter of current financial year i.e. FY 2021, it can be labelled as a war between the power of COVID-19 and the resilience of Five Star employees. With the pandemic and lockdown at its peak, the resilience of the staff was also at its peak. Your company undertook few actions during this period which have yielded great results:

a. Given the client segment and their behavioural patterns, your company provided an ‘opt-out’ moratorium i.e. moratorium to all the Stage 1 and Stage 2 assets (erstwhile Standard assets) were offered by default. It was felt that this was the best manner of passing on the moratorium benefit to your company’s customers.

b. Despite providing the moratorium, your company decided to engage with the customers and educate them the benefit of paying their EMIs on time if their cashflows afforded them the ability to do so. The mammoth task of connecting with 140,000 customers and explaining the benefits of paying early was shouldered by the employees.

c. More importantly, the customers also clearly understood the impact of the moratorium on their loan EMIs / loan tenures. Each of the customers understood the long term benefits that would accrue to them if they continued to pay their EMIs despite the offer of moratorium by the company. The strong relationship that existed between the company and the customers gave immense confidence to the customers and a large part of them came out to pay the EMIs on their own.

This gargantuan effort resulted in almost INR 300 Crores of collections during the first quarter of this year. This is lesser compared to a normal quarter, but to me, this is even more special given the immensely tough circumstances in which it was achieved.

முயற்சி திருவினை ஆக்கும் முயற்றின்மை
இன்மை புகுத்தி விடும்

Effort certainly brings you fortune while the lack of effort brings nothing

What the great saint Thiruvalluvar proclaimed 2000 years ago was on display for all of us to see. No doubt COVID as a pandemic was unprecedented, but what I saw in the last 3 months has made me realise that the undaunted power of human will would, under all circumstances, triumph over any natural calamity.

Further, the last 30 months and the first quarter of this year showed us an important aspect of life – each of us are ordinary individuals but together, we become an extraordinary team and deliver extraordinary results. And that is the theme of this year’s Annual report – **“Ordinary Individuals, Extraordinary Team”.** Words can only describe so much but all I can say to my staff is “Take a bow”.

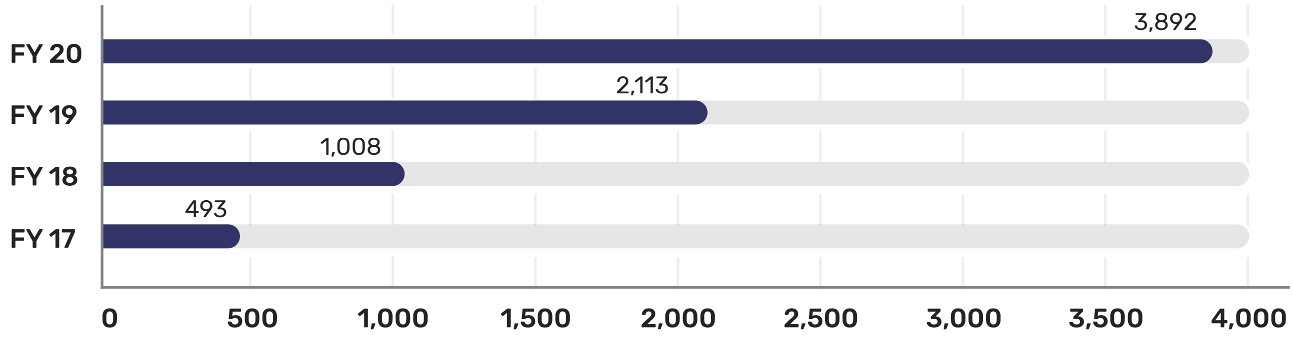
As has always been in the past, all the company’s stakeholders viz. shareholders, lenders, directors, auditors and other industry stakeholders like the rating agencies, regulatory bodies have stood strongly behind the company at all times and my sincere thanks and gratitude for all their support and inputs to your company over the years. Today, your company is a much stronger institution, with the capability to withstand all shocks and surprises that keep plaguing the NBFC industry from time to time. I cannot thank all the stakeholders enough for their contribution towards adding to the strength of your company.

In conclusion, let me state – An institution can be made up of several brick and mortar offices, have the latest technology in place, build the most robust processes but without the right set of people, all these would be of no avail. People indeed make an organization, and with the right set of people, I am very confident that your company is bound to reach greater heights in the years to come.

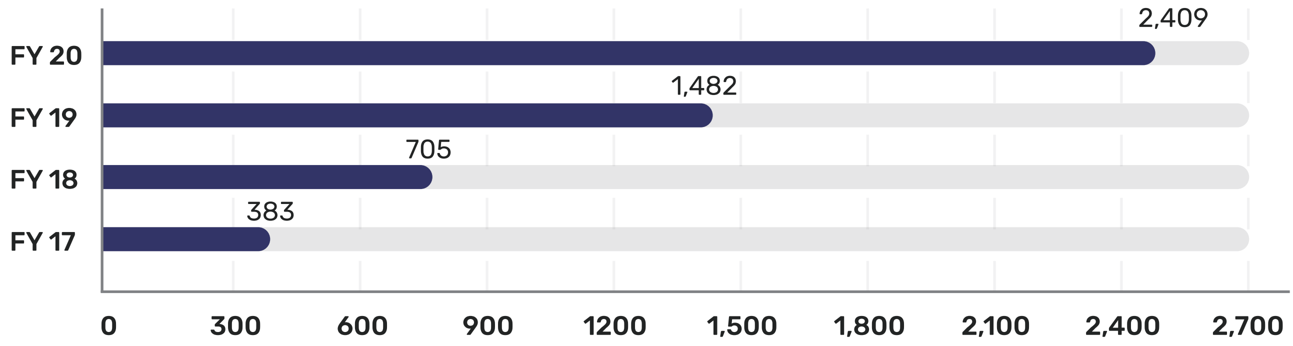
Best Wishes
D Lakshmipathy
Chairman and Managing Director

BUSINESS HIGHLIGHTS

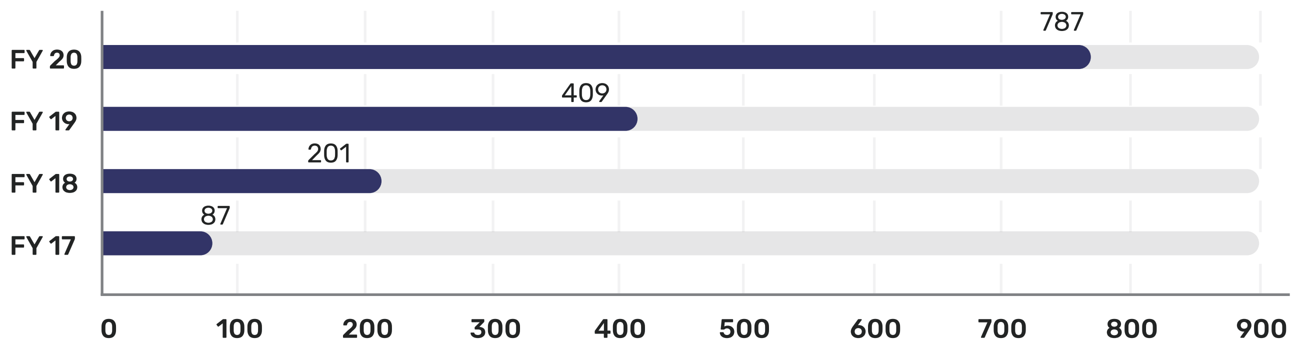
Consolidated AUM



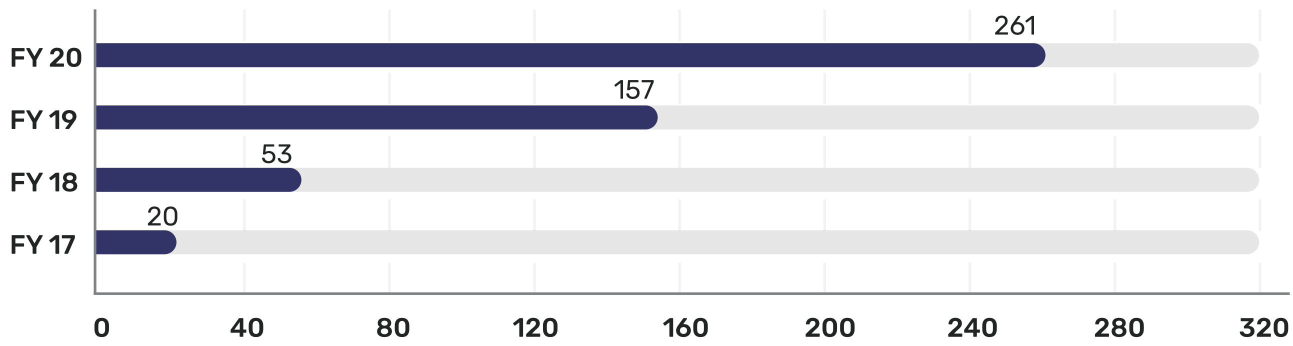
Loan Disbursements



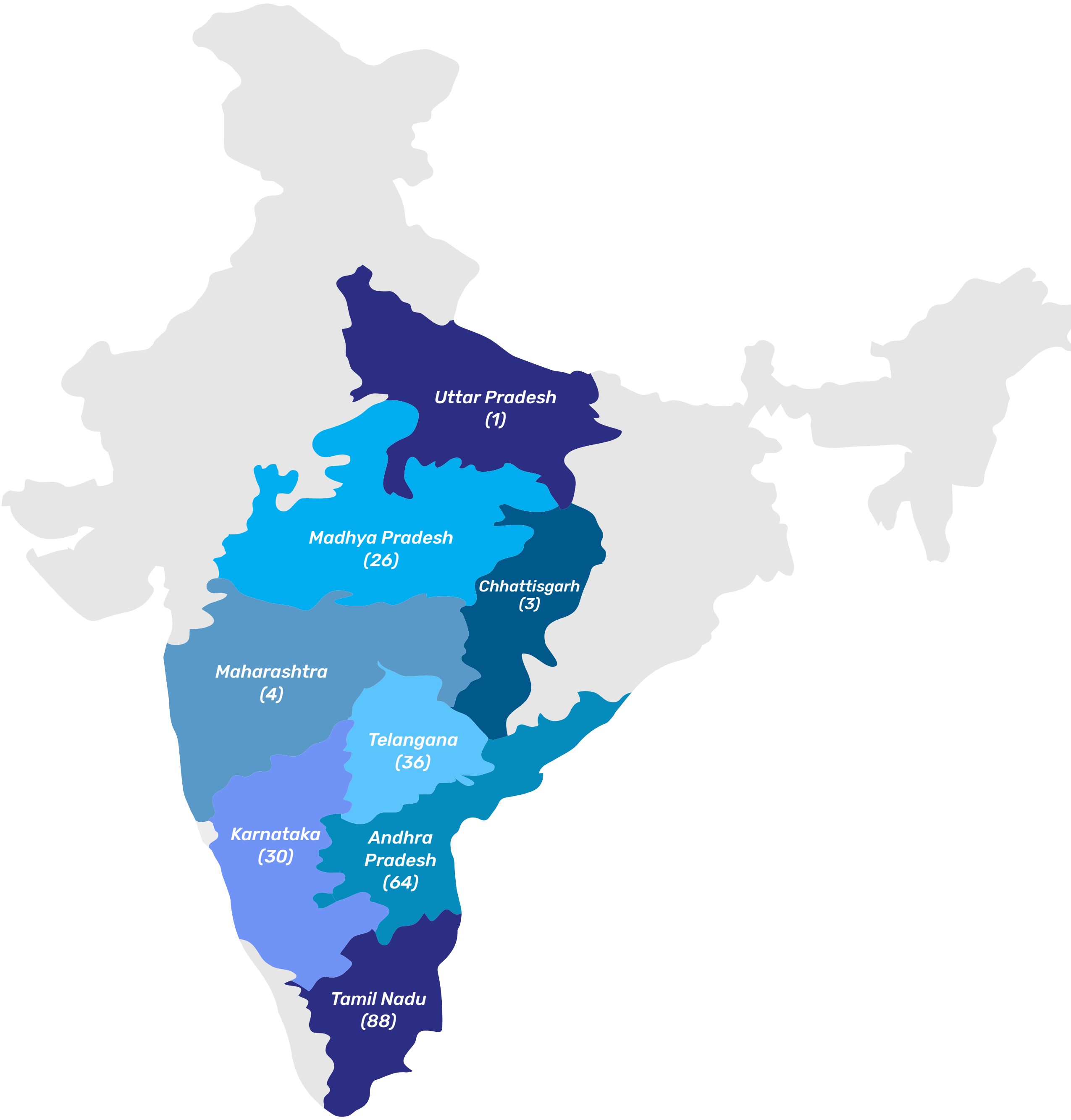
Revenues



Profit After Tax (PAT)



Branches


Uttar Pradesh
(1)
Madhya Pradesh
(26)
Chhattisgarh
(3)
Maharashtra
(4)
Telangana
(36)
Karnataka
(30)
Andhra
Pradesh
(64)
Tamil Nadu
(88)

Lending Relationships

Banks

Andhra Bank (merged with Union Bank of India)
AU Small Finance Bank
Bandhan Bank
Bank Of Baroda
Bank of India
Capital Small Finance Bank
Central Bank of India
City Union Bank
DCB Bank
Equitas Small Finance Bank
Federal Bank
HDFC Bank
Oriental Bank of Commerce (merged with Punjab National Bank)
IndusInd Bank
Karnataka Bank
Kotak Mahindra Bank
Karur Vysya Bank
RBL Bank
SBM Bank (India) Ltd.
South Indian Bank
State Bank Of India
Yes Bank
Woori Bank
Ujjivan Small Finance Bank
Utkarsh Small Finance Bank
Union Bank of India

NBFC

Aditya Brila Finance
Bajaj Finance
Cholamandalam Investment & Finance
Nabkisan Finance
Northern Arc Capital
Tata Capital
AK Capital
Hinduja Leyland Finance
Poonawalla Finance
Nabsamruddhi Finance Ltd
Sundaram Finance
Vivriti Capital

Others

FMO
Karvy Capital
responsAbility
Franklin Templeton MF
Northern Arc Investments

BOARD OF DIRECTORS

Board of Directors

D Lakshmipathy – Chairman & Managing Director

He is an Engineering graduate from Madras University and hails from a business family. Before joining Five-Star he was the Executive Director at RKV Finance Limited, which was subsequently amalgamated with Five-Star. In 2002 he joined the Board of Five-Star as Executive Director and his wide exposure in lending to Small Business customers helped him to develop a similar advance portfolio at Five-Star with great success. He is responsible for the more expansive branch presence of the company in the last 9 years, growing from 6 branches in 2009 to about 175 as at March 2019 currently spread across Tamil Nadu, Andhra Pradesh, Telangana, Karnataka, Maharashtra & Madhya Pradesh and has helped grow the portfolio to over INR 2000 Cr.

A Ramanathan – Independent Director

He is a retired Chief General Manager from NABARD. His expertise lies in institutional development, organisational development, organisational behaviour, small business development, training need assessment, training techniques etc. He has more than 35 years of rich experience in the banking industry.

Bhama Krishnamurthy – Independent Director

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

R Anand – Independent Director

He is a Chartered Accountant with over 30 years of industry experience. He worked in Sundaram Finance for over 20 years occupying several positions in Finance and Audit. He also worked as a Partner in Ernst & Young LLP covering Tax and Regulatory aspects of various industries like financial services, real estate, auto and auto components, media and entertainment. His specializations include NBFC regulations, corporate tax and foreign investment and exchange control regulation and corporate restructuring.

B Haribabu – Independent Director

He hails from a business family and continues the family business of brick manufacturing. He is also the Founder Trustee of Sri Venkateswara College of Technology, Vadakal Village, Mathur Post, Tamil Nadu. He has been associated with the Company for the last 20 years.

L R Raviprasad – Non-Executive Director

He hails from a business family and continues the family business of brick manufacturing. He has been associated with the Company for the last 15 years.

Vasan Thirulokchand – Non-Executive Director

He is a Hotel Management graduate with over 17 years of experience in the hospitality business. His areas of expertise include team management, customer satisfaction and process optimisation.

Vikram Vaidyanathan – Investor Director, Matrix Partners

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

Arjun Saigal – Alternate Director to Mr Ling Wei Ong

He is an Executive Director at Morgan Stanley. He joined Morgan Stanley in 2012 and focuses on the group's private equity transactions in India. Prior to joining Morgan Stanley, Arjun was with Baring Private Equity Partners India. He is a graduate of the London School of Economics and received his MBA from Columbia Business School.

G V Ravishankar – Investor Director, Sequoia Capital

He is a Managing Director at Sequoia Capital India. Prior to joining Sequoia, GV has worked at McKinsey in the capacity of an advisor to management teams of top Indian companies. He had also worked at Wipro prior to McKinsey, where he helped several venture-backed networking start-up clients on a wide variety of issues. GV has a Masters in Business Administration from the Indian Institute of Management, Ahmedabad where he was awarded the President's Gold Medal. He also holds a BE in Computer Science and Engineering from REC Trichy.

Sanjeev Mehra – Investor Director, TPG Group

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

Niren Shah – Board Observer, Norwest Venture Partners

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

DIRECTORS' REPORT

Directors' Report

Your directors have pleasure in presenting the 36th Annual Report together with the audited financial statements of the company for the financial year ended March 31, 2020. The summarised financial results of the Company are presented hereunder:

1. Financial Results - Financial Highlights

₹ in Lakhs

Particulars	31.03.2020	31.03.2019
Operating income	78,671.48	40,890.80
Other Income	63.25	1.86
Less: Expenditure including depreciation	43,804.68	19,048.32
Profit before taxation	34,930.05	21,844.34
Provision for taxation	8,735.01	6,178.61
Profit after taxation	26,195.04	15,665.73
Other comprehensive income	(111.35)	(38.06)
Total comprehensive income	26,083.69	15,627.67

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

2. State of Company's Affairs and Future Outlook

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

During the financial year, your company disbursed Rs 2,408.67 crores towards providing Small Business Loans and Small Housing Loans as against Rs 1,481.46 crores during the FY ended 2018-19.

Loan Assets

As at March 31, 2020, the total loan assets under management increased to Rs 3,892.23 crores from Rs 2,112.80 Crores during the previous financial year registering a growth of 84%.

Branch Network

During the year, your Company added 79 branches resulting in the branch network increasing to 252 from 173.

Income, Profit & Networth

Gross Income of the Company during the year ended March 31, 2020 amounted to Rs 787.35 crores, higher by 92.54% over Rs 408.93 crores in the previous year. Profit before tax was at Rs 349.30 crores higher by 59.90% over the previous year's Rs 218.44 crores. At Rs 261.95 crores, Profit After Tax was higher by 60% over previous year's Rs 156.66 crores. The Company's net worth stood at Rs 1944.58 crores as on March 31, 2020 (Rs 1365.13 crores in the previous year).

Asset Quality

Your Company closed the year with a Gross Stage 3 Assets (90+ Assets) of 1.4%, which is one of the best amongst companies operating in this customer segment. The asset quality during this financial year has been impacted by the lockdown imposed during the last week of March 2020 due to the onset of COVID-19 pandemic. But for the pandemic, your Company was confident of ending the financial year with a much better asset quality than what has been reported. The Company's business model, coupled with the extremely rigorous underwriting norms, have contributed to this robust asset quality.

Prospects

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

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

COVID-19 pandemic, that hit the entire country towards the later part of March 2020, is an unprecedented event and may have far-reaching ramifications on the economy as a whole and also on the prospects of your company. Your Directors will continue to track the events closely and will take appropriate actions as warranted by the situation.

Statutory and Regulatory Compliances

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

Your Company has also complied with the provisions of the Secretarial Standard 1 (SS-1) and Secretarial Standard 2 (SS-2) issued by the Institute of Company Secretaries of India relating to 'Meetings of Board of Directors' and 'General Meetings' respectively.

Capital Adequacy Ratio of your Company stood at 52.94% as on March 31, 2020, as against the minimum requirement of 15% stipulated by Reserve Bank of India.

Credit Rating

As of March 31, 2020, your company's borrowings enjoy the following ratings from CRISIL, CARE and ICRA.

Rating Agency	Type	Rating
CARE	Long term Bank Facilities	CARE A; Positive
	Short term Bank facilities	CARE A1; Positive
	Non-Convertible Debentures	CARE A; Positive
	Commercial Paper	CARE A1
ICRA	Long term Bank Facilities	ICRA A; Stable
	Non-Convertible Debentures	ICRA A; Stable
	Securitization	ICRA AA+(SO)/AA-(SO)/AA(SO)
CRISIL	Non-Convertible Debentures	CRISIL BBB+; Stable

3. Change in Nature of Business

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

4. Dividend

Your Directors have decided not to declare any dividend for the financial year 2019-20 and the profit for the year will be deployed back into the business.

5. Transfer to Reserves

Your company has transferred a sum of Rs 5,239.01 lakhs to statutory reserve as required under the Reserve Bank of India Act, 1934. There has been no transfer to general reserves during the year.

6. Changes in Share Capital and Debentures

During the financial year 2019-20, your Company has:

a) issued and allotted 3,00,08,700 Secured, Listed, Rated, Redeemable, Taxable, Non-Convertible Debentures on private placement basis on various dates, which were listed in BSE Limited.

b) allotted 1,78,450 fully paid up Equity Shares of Rs.10/- each on various dates, pursuant to the Five-Star Associate Stock Option Scheme, 2015.

c) made a preferential issue of 13,32,262 fully paid up Equity shares of Rs 10/- each which were allotted on 22nd July 2019 on private placement basis.

d) made a preferential issue of 7,50,000 Partly Paid Equity shares of Rs 10/- each which were allotted on 25th February 2020 on private placement basis.

e) issued and allotted 9,67,597 Partly Paid Equity shares of Rs 10/- each on 21st March 2020 pursuant to a rights issue.

Subsequent to the abovementioned allotments, your Company's capital funds stood at Rs 194,458.05 lakhs (including premium) at the end of March 2020.

7. Disclosure regarding issue of Employee Stock Options

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

8. Annual Return

The extract of annual return pursuant to Section 92 (3) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014 in Form MGT 9 is enclosed to this report as **Annexure B** and is available at the web address: www.fivestargroup.in/reports/

9. Board & its Committees

During the financial year ended 31st March, 2020, 7 (Seven) Board Meetings were held on 25th April, 2019, 14th May, 2019, 18th June, 2019, 2nd August, 2019, 29th August, 2019, 6th November, 2019 and 27th February, 2020 respectively and not more than 120 days elapsed between any two meetings.

The details regarding the Committee meetings held during the financial year, board composition, composition and terms of reference of various committees of the board are furnished in the Corporate Governance Report enclosed as **Annexure H**.

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

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

11. Related Party Transactions

The Company has in place a policy on related party transactions as approved by the Board and the same is enclosed as **Annexure D** to this report.

During the financial year, the Company has entered into contracts /arrangement with Related Parties which were in the ordinary course of business and on arm's length basis. Form AOC-2, as required under Section 134 (3) (h) of the Companies Act, 2013 read with Rule 8 (2) of the Companies (Accounts) Rules 2014, is attached as part of this report as **Annexure C**.

12. Material Changes Affecting the Financial Position of the Company

There are no material changes and commitments between 31st March 2020 and the date of this report having an adverse bearing on the financial position of the Company.

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

Your Company has no activity relating to consumption of energy or technology absorption. The Company does not have foreign currency earnings and expenditure during the year.

14. Risk Management Policy

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

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

Your company has constituted a Risk Management Committee which inter-alia lays down the review of procedures relating to risk assessment & risk minimization to ensure that executive management controls risk through means of a properly defined framework and review of Credit & Portfolio Risk Management and Operational & Process Risk Management.

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

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

15. Human Resource Development

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

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

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

16. Directors

a) During the financial year under review,

- Mr Ling Wei Ong, nominated by NHPEA Chocolate Holdings B.V. and Mr G V Ravishankar nominated by SCI Investments V, Non-Executive Directors retired by rotation at the 35th Annual General Meeting held on 25th September 2019 and were re-appointed.
- Mr Arjun Saigal, who ceased to be an alternate director to Mr Ling Wei Ong who retired by rotation, on 25th September 2019 was appointed as an Alternate Director to Mr Ling Wei Ong with effect from 25th September 2019
- Mr B Haribabu, Independent Director whose first term ended on 27th March, 2020 was re-appointed for a second term of five years effective 28th March 2020, subject to the shareholders' approval at the ensuing annual general meeting.

b) Mr L R Raviprasad and Mr Vikram Vaidyanathan are retiring by rotation at the ensuing 36th Annual General Meeting and being eligible have offered themselves for re-appointment.

c) Mr Gaurav Trehan, Nominee Director of TPG Asia VII SF Pte. Ltd., resigned from the Board with effect from 22nd May 2020 and in his place Mr Sanjeev Mehra was appointed with effect from 10th June 2020. Mr Sanjeev Mehra's appointment needs to be regularized at the ensuing annual general meeting.

17. Key Managerial Personnel

Pursuant to the provisions of Section 203 of the Companies Act, 2013 read with the rules made there under, the following employees are the whole- time key managerial personnel of the company:

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

No changes took place in the Key Managerial Personnel of the Company.

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

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

19. Internal Financial Controls

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

This is further strengthened by the Internal Audit done on regular basis by in house Internal Audit team and the External Internal Auditors of the Company.

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

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

20. Deposits

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

24. Declaration from Independent Directors

The Company has received declarations from all the Independent Directors to the effect that they meet the criteria of independence as provided in sub – section (6) of Section 149 of the Companies Act, 2013.

In the opinion of your Board of Directors, Mr Haribabu B, Independent Director who was re-appointed during the financial year ended 31st March 2020 for a second term of five years, satisfy the attributes as to integrity, experience (including proficiency) and high levels of skill and expertise.

22. Auditors

Statutory Auditors

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

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

Internal Auditor

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

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

Secretarial Auditor

M/s S Sandeep & Associates, Practicing Company Secretaries were appointed to conduct the secretarial audit of the Company for the financial year 2019-20, as required under Section 204 of the Companies Act, 2013 and rules made thereunder.

The secretarial audit report for the financial year ended 31st March 2020 forms part of this report as **Annexure E**.

23. Maintenance of cost records and cost audit

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

24. Information Technology

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

25. Corporate Social Responsibility (CSR)

Pursuant to Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, your Company has adopted a Policy on CSR and is available at the web address www.fivestargroup.in/our-policies/. A report on CSR activities is attached as **Annexure F** to this Report.

26. Formal Annual Evaluation

As per the provisions of the Companies Act, 2013, the Board has carried out an annual performance evaluation of its own performance, the directors individually as well as the evaluation of the working of its Committees. A structured exercise was carried out based on the criteria for evaluation forming part of the Directors Appointment, Remuneration & Evaluation Policy, including framework for performance evaluation of Directors, Board & Committees, Criteria for Evaluation and the inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its committee, attendance at meetings, Board culture, duties of directors, and governance. The aforesaid policy is attached as **Annexure G** to this report and the same is available at the web address www.fivestargroup.in/our-policies/

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

27. Whistle Blower Policy & Vigil Mechanism

Your Company has established a Vigil Mechanism & has adopted a Whistle Blower Policy for directors and employees to report their genuine concerns to the Chairman of the Audit Committee. The Whistle Blower Policy has been formulated with a view to provide a mechanism for employees and directors to approach the Audit Committee of the Company.

28. Corporate Governance

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

29. Management Discussion and Analysis

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

30. Disclosures under Sexual Harassment of Women at Work place (Prevention, Prohibition & Redressal) Act, 2013

The Company has in place an Anti-Sexual Harassment Policy named “Policy against Sexual Harassment” in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. Internal Complaints Committees (ICC) have been set up to redress complaints received regarding sexual harassment.

Your Directors further state that during the year under review, no complaints were received. None was pending unresolved as on 31st March 2020.

31. Particulars of Employees and Related Disclosures

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

32. Amalgamation of Five-Star Housing Finance Private Limited

Five-Star Housing Finance Private Limited, Wholly Owned Subsidiary Company was amalgamated with the Company with effect from 1st April 2019, as per the confirmation order of the Scheme of Amalgamation dated 17th March, 2020 received from the Regional Director - Southern Region, Ministry of Corporate Affairs.

33. Impact of COVID 19 Pandemic

The COVID-19 Pandemic is an unprecedented event that has impacted the lives of people across the world. It has also severely impacted various activities across the country. Needless to say, your Company has also been impacted by this event. The last 10 days of March 2020 was lost to the lockdown imposed by the Government to control the spread of the pandemic, which had an impact on both business and collections during the lockdown period.

RBI also allowed financial institutions to give moratorium to their borrowers for a period of 5 months and your Company has, in turn, passed on the benefit of moratorium to all the Standard borrowers (Stage 1 and Stage 2 assets). However, we would like to inform you that a significant portion of borrowers of your company have been making payments even during the moratorium period. This has resulted in the collections of your company being robust.

Additionally, your company has also managed a good quantum of debt funds during this period, which is a clear testimony of the confidence that lenders have in your company. As on the date of this report, your company is in a good position to emerge stronger from the pandemic. Your Company believes that it has considered all the possible impact of the known events arising out of COVID-19 pandemic in the preparation of financial results. However, the impact assessment of COVID-19 is a continuing process given its nature and duration. Your Company will continue to monitor any material changes to the future economic conditions and take necessary actions as appropriate.

34. Directors' Responsibility Statement

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

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

b) the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for that period;

c) the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

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

e) the directors have laid down internal financial controls, which are adequate and operating effectively and

f) the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Acknowledgement

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

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

Chennai
10 June 2020

Annexure - A

FIVE-STAR ASSOCIATE STOCK OPTION SCHEME, 2015

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

Pursuant to Rule 12(9) of Companies (Share Capital and Debentures) Rules, 2014, the details of the Five Star Associate Stock Option Scheme, 2015 as on 31st March 2020 are:

a) Options approved to be issued as ESOPs: 5,63,000
b) Options granted: 5,63,000
c) Options vested: 4,53,600
d) Options exercised: 4,10,850
e) The total number of shares arising as a result of exercise of option: 4,10,850
f) Options lapsed / Surrendered: 1,000
g) Variation of terms of options: Nil
h) Total number of options in force: 5,62,000
i) Money realized by exercise of options: Rs 67.83 Lakhs
j) Employee wise details of options granted to:
  (i) Key managerial personnel: Mr K Rangarajan - Chief Executive Officer and Mr G Srikanth –Chief Financial Officer
  (ii) Any other employee who receives a grant of options in any one year of option amounting to 5 per cent or more of options granted during that year: Nil
  (iii) Identified employees who were granted option, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant: Nil

FIVE STAR ASSOCIATE STOCK OPTION SCHEME, 2018

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

Pursuant to Rule 12(9) of Companies (Share Capital and Debentures) Rules, 2014, the details of the Five Star Associate Stock Option Scheme, 2015 as on 31st March 2020 are:

a) Options approved to be issued as ESOPs: 5,00,000
b) Options granted: 9000
c) Options vested: Nil
d) Options exercised: Nil
e) The total number of shares arising as a result of exercise of option: Nil
f) Options lapsed / Surrendered: Nil
g) Variation of terms of options: Nil
h) Total number of options in force: 9,000
i) Money realized by exercise of options: Nil
j) Employee wise details of options granted to:
  (i) Key managerial personnel: Nil
  (ii) Any other employee who receives a grant of options in any one year of option amounting to 5 per cent or more of options granted during that year: Nil
  (iii) Identified employees who were granted option, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant: Nil

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

Chennai
10 June 2020

Annexure - B

Form No. MGT-9

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

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

I. REGISTRATION AND OTHER DETAILS:

(a) CIN :	U65991TN1984PLC010844
(b) Registration Date :	07/05/1984
(c) Name of the Company:	FIVE-STAR BUSINESS FINANCE LIMITED
(d) Category / Sub-Category of the Company:	Company Limited by Shares
(e) Address of the Registered Office and contact details:	New No: 27, Old No: 4, Taylor's Road, Kilpauk, Chennai - 600 010 Phone: 044 - 46106200
(f) Whether Listed Company	Debt Listed
(g) Name, Address and Contact details of Registrar and Transfer Agent, if any:	NSDL Database Management Limited 4th Floor, Trade World, 'A' Wing, Kamala Mills Compound, Lower Parel, Mumbai - 400 013

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
Small Business Loans, Home Loans & Mortagage Loans	Section K Financial and insurance activities Division 64 Financial service activities, except insurance and pension funding	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Name and Address of the Company	CIN/ GLN	Holding/ Subsidiary/ Associate	% of Shares Held	Application Section
		NIL		

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

i) Category-wise Share Holding:

Category of Shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% Change during the Year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(A) Promoters									
(1) Indian									
(a) Individual/HUF	45,78,581	20,000	45,98,581	19.24%	60,27,801	-	60,27,801	22.22%	2.98%
(b) Central Govt	-	-	-	-	-	-	-	-	-
(c) State Govt (s)	-	-	-	-	-	-	-	-	-
(d) Bodies Corporate	-	-	-	-	-	-	-	-	-
(e) Banks / FI	-	-	-	-	-	-	-	-	-
(f) Any Other	-	-	-	-	-	-	-	-	-
Sub-Total (A) (1)	**45,78,581**	**20,000**	**45,98,581**	**19.24%**	**60,27,801**	**-**	**60,27,801**	**22.22%**	**2.98%**
(2) Foreign									
(a) NRI - Individuals	-	-	-	-	-	-	-	-	-
(b) Other – Individuals	-	-	-	-	-	-	-	-	-
(d) Bodies Corporate	-	-	-	-	-	-	-	-	-
(e) Banks / FI	-	-	-	-	-	-	-	-	-
(f) Any Other	-	-	-	-	-	-	-	-	-
Sub-Total (A) (2)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total (A)	**45,78,581**	**20,000**	**45,98,581**	**19.24%**	**60,27,801**	**-**	**60,27,801**	**22.22%**	**2.98%**
(B) Public Shareholding									
(1) Institutions									
(a) Mutual Funds	-	-	-	-	-	-	-	-	-
(b) Banks/FI	-	-	-	-	-	-	-	-	-
(c) Central Govt	-	-	-	-	-	-	-	-	-
(d) State Govt (s)	-	-	-	-	-	-	-	-	-
(e) Venture Capital funds	-	-	-	-	-	-	-	-	-
(f) Insurance Companies	-	-	-	-	-	-	-	-	-
(g) FIIs	-	-	-	-	-	-	-	-	-
(h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
(i) Others (Specify)	-	-	-	-	-	-	-	-	-
Sub-Total (B) (1)	-	-	-	-	-	-	-	-	-

Category of Shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% Change during the Year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(2) Non-Institutions									
(a) Bodies Corporate									
i. Indian	425510	1,100	4,26,610	1.79%	5,67,331	-	5,67,331	2.09%	0.31%
ii.Overseas	1,13,37,537	62,19,454	1,75,56,991	73.46%	1,90,17,920	-	1,90,17,920	70.10%	-3.36%
(b) Individuals									
i. Individual shareholders holding nominal share capital up to Rs. 1 lakh	30,310	3,92,980	4,23,290	1.77%	1,49,845	2,44,340	3,94,185	1.45%	-0.32%
ii. Individual shareholders holding nominal share capital in excess of Rs 1 lakh	2,75,120	5,74,840	8,49,960	3.56%	8,97,494	1,77,010	10,74,504	3.96%	0.40%
Investor Education and Protection Fund. No voting rights in respect of these shares	44,150		44,150	0.18%	46,150	-	46,150	0.17%	-0.01%
(c) Others (Specify)	-	-	-	-	-	-	-	-	-
Sub-Total (B) (2)	**1,21,12,627**	**71,88,374**	**1,93,01,001**	**80.76%**	**2,06,78,740**	**4,21,350**	**2,11,00,090**	**77.78%**	**-2.98%**
Total Public Shareholding	**1,21,12,627**	**71,88,374**	**1,93,01,001**	**80.76%**	**2,06,78,740**	**4,21,350**	**2,11,00,090**	**77.78%**	**-2.98%**
(C) Shares held by Custodian for GDRs & ADRs	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Grand Total (A+B+C)	**1,66,91,208**	**72,08,374**	**2,38,99,582**	**100%**	**2,67,06,541**	**4,21,350**	**2,71,27,891**	**100%**	**0.00%**

(ii) Shareholding of Promoters:

S. No.	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% of Change in share holding during the Year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered of total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered of total shares	
1.	D Lakshmipathy	22,87,551	9.57	-	37,10,771	13.68	1.81	4.11
2.	L Hema	20,83,060	8.72	-	20,89,060	7.70	-	-1.02
3.	R Deenathayalan	1,63,200	0.68	-	1,63,200	0.60	-	-0.08
4.	D Varalakshmi	44,770	0.19	-	44,770	0.17	-	-0.02
5.	L Sritha	20,000	0.08	-	20,000	0.07	-	-0.01
		45,98,581	**19.24**	**-**	**60,27,801**	**22.22**	**-**	**2.98**

(iii) Change in Promoters' Shareholding (please specify, if there is no change):

S. No.	Particulars	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of Shares	% of total Shares	No. of Shares	% of total Shares
1.	D Lakshmipathy				
	i) At the beginning of the year	22,87,551	8.43	-	-
	ii) Date wise increase/decrease				
	08-04-2019 - Purchase	2,800	0.01	22,90,351	8.44
	09-04-2019 - Purchase	2,000	0.01	22,92,351	8.45
	15-04-2019 - Purchase	100	0.00	22,92,451	8.45
	22-05-2019 - Purchase	2,000	0.01	22,94,451	8.46
	22-05-2019 - Purchase	300	0.00	22,94,751	8.46
	31-05-2019 - Purchase	100	0.00	22,94,851	8.46
	31-05-2019 - Purchase	100	0.00	22,94,951	8.46
	14-06-2019 - Purchase	500	0.00	22,95,451	8.46
	07-08-2019 - Purchase	5,000	0.02	23,00,451	8.46
	07-08-2019 - Purchase	5,000	0.02	23,05,451	8.48
	16-08-2019 - Sale	(1,20,000)	(0.44)	21,85,451	8.50
	29-11-2019 - Purchase	120	0.00	21,85,571	8.06
	27-12-2019 - Purchase	100	0.00	21,85,671	8.06
	25-02-2020 - Allotment	7,25,000	2.67	29,10,671	10.73
	16-03-2020 - Purchase	100	0.00	29,10,771	10.73
	21-03-2020 - Allotment	8,00,000	2.95	37,10,771	13.68
	iii) At the end of the year			37,10,771	13.68
2.	L Hema				
	i) At the beginning of the year	20,83,060	7.68	-	-
	ii) Date wise increase/decrease				
	16-08-2020– Purchase	6,000	0.02	20,89,060	7.70
	iii) At the end of the year			20,89,060	7.70

(iv) Shareholding Pattern of top ten Shareholders

(other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1	TPG Asia VII SF Pte. Ltd.	31,11,933	13.02%	61,10,673	22.53%
2	Matrix Partners India Investment Holding II, LLC	41,00,999	17.16%	41,00,999	15.12%
3	NHPEA Chocolate Holding B.V.	51,35,862	21.49%	35,98,051	13.26%
4	Norwest Venture Partners X-Mauritius	25,69,650	10.75%	25,69,650	9.47%
5	SCI Investments V	25,69,650	10.75%	25,69,650	9.47%
6	ATMA Ram Builders (P) Ltd.	4,25,510	1.78%	5,45,510	2.01%
7	Rangarajan K	1,29,200	0.54%	2,33,793	0.86%
8	Jayachandran.R	1,83,780	0.77%	2,12,368	0.78%
9	Srikanth G	35,800	0.15%	86,346	0.32%
10	Janarthanan L	72,460	0.30%	72,460	0.27%
11	Matrix Partners India Investments II Extension, LLC	68,897	0.29%	68,897	0.25%
12	Bharathi J	45,000	0.19%	45,000	0.17%

(v) Shareholding of Directors and Key Managerial Personnel

Shareholding of each Directors & each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
D Lakshmipathy*	22,87,551	9.57%	37,10,771	13.68%
K Rangarajan*	1,29,200	0.54%	2,33,793	0.86%
G Srikanth*	35,800	0.15%	86,346	0.32%
L R Ravi Prasad	85,200	0.36%	85,200	0.31%
B Haribabu	50,000	0.21%	48,100	0.18%
B Shalini	-	0.00%	200	0.00%

* Includes partly paid shares

V. INDEBTEDNESS:

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

₹ in Lakhs

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	95,899.77	69.29	-	95,969.06
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	510.09	1.39	-	511.48
Total (i+ii+iii)	**96,409.86**	**70.68**	**-**	**96,480.54**
Change in Indebtedness during the financial year				
Addition	-	-	-	-
Reduction	-	-	-	-
Net Change	**-**	**-**	**-**	**-**
Indebtedness at the end of the financial year				
i) Principal Amount	2,37,185.18	-	-	2,37,185.18
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	1,349.79	-	-	1,349.79
Total (i+ii+iii)	**2,38,534.97**	**-**	**-**	**2,38,534.97**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

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

₹ in Lakhs

S. No.	Particulars of Remuneration	Name of MD/WTD/Manager D Lakshmipathy, CMD	Total Amount
1.	Gross Salary		
	(a). Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	326.31	326.31
	(b). Value of perquisites u/s 17(2) Income-tax Act, 1961	2.20	2.20
	(c). Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-
2.	Stock Option	-	-
3.	Sweat Equity	-	-
4.	Commission		
	- as % of profit	-	-
	- Others, Specify	175.00	175.00
5.	Others, please specify	-	-
	Total (A)	**503.51**	**503.51**
	Ceiling as per the Act	-	1900.34

B. Remuneration to other Directors

₹ in Lakhs

S. No.	Particulars of Remuneration	Name of Directors				Total Amount
1.	**Independent Directors**	**A Ramanathan**	**R Anand**	**B Haribabu**	**Bhama Krishnamurthy**	
	Fee for attending board & committee meetings	2.40	2.50	2.05	2.25	9.20
	Commission	3.00	3.00	3.00	3.00	12.00
	Others, please specify	-	-	-	-	
	Total (1)	**5.40**	**5.50**	**5.05**	**5.25**	**21.20**
2.	**Other Non-Executive Directors**	**LR Raviparasd**		**Vasan Thirulokchand**		
	Fee for attending board & committee meetings	1.80		1.50		3.30
	Commission	3.00		3.00		6.00
	Others, please specify	-		-		-
	Total (2)	**4.80**		**4.50**		**9.30**
	Total (B)=(1+2)					**30.50**
	Total Managerial Remuneration					**30.50**
	Overall Ceiling as per the Act					

C. Remuneration to key managerial personnel other than MD/MANAGER/WTD:

₹ in Lakhs

S. No.	Particulars of Remuneration	K Rangarajan Chief Executive Officer	G Srikanth, Chief Financial Officer	B Shalini Company Secretary	Total Amount
1.	Gross Salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	118.26	82.55	7.75	208.56
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
2.	Stock Option	10.90	3.41	-	14.31
3.	Sweat Equity	-	-	-	-
4.	Commission				
	- as % of profit	-	-	-	-
	- Others, specify	58.59	18.73	-	77.32
5.	Performance linked incentive	-	-	-	-
	Total	**187.75**	**104.69**	**7.75**	**300.19**

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority [RD/NCLT/COURT]	Appeal made, if any (give details)
A. COMPANY					
Penalty					
Punishment			NIL		
Compunding					
B. DIRECTORS					
Penalty					
Punishment			NIL		
Compunding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment			NIL		
Compunding					

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

Chennai
10 June 2020

Annexure - C

FORM NO. AOC-2
(Pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8 (2) of the Companies (Accounts) Rules, 2014)

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

1. Details of contracts or arrangements or transactions not at arm's length basis: Nil

2. Details of material contracts or arrangement or transactions at arm's length basis

a) Name of the related party and nature of relationship: Five-Star Housing Finance Private Limited, subsidiary company.
b) Nature of contracts/ arrangements/ transactions: Sharing of premises, resources, etc
c) Duration of the contracts/ arrangements/ transactions: till 17th March 2020
d) Salient terms of the contracts or arrangements or transactions including the value, if any: Sharing of premises, infrastructure, personnel and other resources.
e) Justification for entering into such contracts/ arrangements/ transactions: The transactions are in the ordinary course of business and on arms length basis as per the related party transaction policy, approved on 14th May, 2019.
f) Date of approval by the Board: RPT policy has been reviewed and approved on 14th May 2019, with subsequent approvals by the Board for the related party transactions once every quarter
g) Amount paid as advance, if any: NA
h) Date on which the special resolutions was passed in general meeting as required under the first proviso to section 188: Not applicable

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

Chennai
10 June 2020

Annexure - D

POLICY ON RELATED PARTY TRANSACTIONS

1. Preamble

Five-Star Business Finance Limited ("the Company") is a public limited debt listed company and is registered as a Non-Banking Finance Company with the Reserve Bank of India. The Company recognizes that a policy is required to be put in place to regulate Related Party Transactions (as defined below).

This Policy is framed as per requirement of the Companies Act, 2013 ("the Act") and is intended to ensure the proper approval / review and reporting of transactions between the Company and its Related Parties.

2. Definitions

- **a)** Audit Committee or Committee means the Audit Committee of Board of Directors of the Company;
- **b)** Board or Board of Directors means the Board of Directors of the Company, as constituted from time to time;
- **c)** Companies Act means the Companies Act, 2013 together with the rules and regulations formulated thereunder, as amended from time to time;
- **d)** Director means a member of the Board of Directors of the Company;
- **e)** Key Managerial Personnel or KMP means the managerial personnel as defined under Section 2(51) of the Companies Act;
- **f)** Policy means this Related Party Transactions Policy;
- **g)** Promoter and Promoter Group shall have the meaning assigned to it under the Articles of Association of the Company.
- **h)** Related Party means a related party as defined in Section 2(76) of the Companies Act and under the applicable Accounting Standards as amended from time to time.
- **i)** Relative means a relative as defined in Section 2(77) of the Companies Act;

3. Policy:

All Related Party Transactions shall require approval / ratification of the Audit Committee and / or the Board unless otherwise exempted under the provisions of the Companies Act and the rules made thereunder.

a) Identification of Potential Related Party and Transactions

The Chief Executive Officer, Chief Financial Officer and Company Secretary are responsible for compiling and maintaining the list of Related Parties as covered under section 2(76) of the Companies Act as well as the applicable Accounting Standards. This list of Related Parties shall be updated on an annual basis and further changes informed as soon as possible.

All Directors as well as KMP are responsible for informing the Company of any potential Related Party Transaction involving him or her or his or her Relative, immediately on occurrence. Further, Directors and KMPs should disclose to the Board whether they, directly, indirectly, or on behalf of third parties, have material interest in any transaction or matter directly affecting the Company.

In addition, all Directors and KMPs are responsible for giving notice to the Company Secretary (or such other person who may be entrusted for this purpose by the Audit Committee/ Board) of any potential Related Party Transaction involving them or their relatives. Such notice of any potential Related Party Transaction should be given well in advance so that the Company Secretary (or such other person who may be entrusted for this purpose by the Audit Committee/Board) has adequate time to obtain and review information about the proposed transaction and place the same before the Audit Committee / Board.

b) Approval / Ratification of Related Party Transactions

All Related Party Transactions shall require approval / ratification of the Audit Committee as per the provisions of Section 177 of the Companies Act and the rules made thereunder. The Audit Committee may also provide omnibus approval for Related Party Transactions as per the provisions of Section 177 of the Companies Act and the rules made thereunder.

All Related Party Transactions which are either not in the ordinary course of business or on arm's length, which are specified under Section 188(1) of the Companies Act, shall require approval / ratification of the Board as provided under Section 188 of the Companies Act.

The transactions listed out under Section 188(1) of the Companies Act will also require prior approval of the shareholders through a resolution if they exceed the threshold limits specified therein and if they are not in ordinary course of business or not on arm's length basis and voting restrictions for this purpose would be governed by the Companies Act as amended from time to time.

The Related Party Transactions shall be reviewed / approved by the Audit Committee and placed before the Board for its approval on quarterly basis subject to the limits specified under Sections 177 and 188 of the Companies Act.

The following Related Party Transactions shall not require approval of Audit Committee:

- **i)** Any transaction that involves the providing of compensation to a director or Key Managerial Personnel in connection with his or her duties to the Company, including the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business;
- **ii)** Any transaction that has been approved by the Board under the specific provisions of the Companies Act, 2013 e.g. loans, borrowings, investments etc. with or in Related Parties;
- **iii)** Payment of Dividend;
- **iv)** Contribution towards Corporate Social Responsibility (CSR) as approved by the CSR Committee / Board.

4. Omnibus approval

The Audit Committee may, in the best interests of the Company and to ensure smooth operations, grant overall approval for Related Party Transactions, proposed to be entered into by the Company which are repetitive in nature and which are routine and incidental to the general operations of the Company.

The Audit Committee may make overall approval for related party transactions proposed to be entered into by the company subject to the following:

(1) Overall Approval Criteria: The criteria for making the overall approval shall include the following, namely:

- **(a)** maximum value of the transactions, in aggregate, which can be allowed under the overall route in a year;
- **(b)** the maximum value per transaction which can be allowed;
- **(c)** extent and manner of disclosures to be made to the Audit Committee at the time of seeking overall approval;
- **(d)** review, at such intervals as the Audit Committee may deem fit, related party transaction entered into by the company pursuant to each of the overall approval made;
- **(e)** transactions which cannot be subject to the overall approval by the Audit Committee.

(2) Contents of overall Approval: The overall approval given by the Audit Committee shall indicate the following: -

- **(a)** name of the related parties;
- **(b)** nature and duration of the transaction;
- **(c)** maximum amount of transaction that can be entered into;
- **(d)** the indicative base price or current contracted price and the formula for variation in the price, if any; and
- **(e)** any other information relevant or important for the Audit Committee to take a decision on the proposed transaction:

Provided that where the need for related party transaction cannot be foreseen and aforesaid details are not available, audit committee may make overall approval for such transactions subject to their value not exceeding rupees one crore per transaction.

(3). Overall approval shall be valid for a period not exceeding one financial year and shall require fresh approval after the expiry of such financial year.

(4). Overall approval shall not be made for transactions in respect of selling or disposing of the undertaking of the company.

5. Policy Review

This Policy shall be reviewed by the Audit Committee/Board at least once in every three years. Any changes or modification on the Policy as recommended by the Audit Committee would be presented for approval of the Board. The Board can from time to time authorise Directors to make changes in the policy due to regulatory or legal requirements and such changes made to be brought to the attention of the Board at the first meeting following the amendment.

Annexure - E

FORM NO. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31st MARCH 2020
(Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014)

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

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

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

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

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

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

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder as applicable to the Company.

(iv) The Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder as applicable to the extent of Foreign Direct Investment. The Company does not have any External Commercial Borrowings or Overseas Direct Investment.

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

- **(a)** The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- **(b)** The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009/2018;
- **(c)** The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- **(d)** The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client and ESOP.

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

- **(a)** Reserve Bank of India Act, 1934, and the RBI Directions and guidlines as applicable to NBFCs;
- **(b)** The Prevention of Money Laundering Act, 2002

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

i) Listing Agreements entered into by the Company with the BSE Limited as per the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for listing of its Non-Convertible Debentures;

ii) Secretarial Standards (SS-1) for Board Meeting and Secretarial Standards (SS-2) for General Meeting issued by The Institute of Company Secretaries of India.

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

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

Adequate notice was given to all the Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in advance as per the applicable provisions of the Act, and a proper system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. As per the minutes of the meetings, majority decision is carried through and there were no dissenting views of the members.

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

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

a) issued and allotted 3,00,08,700 Secured, Listed, Rated, Redeemable, Taxable, Non-Convertible Debentures ('NCDs') on private placement basis on various dates, which were listed in BSE Limited.
b) allotted 1,78,450 fully paid up Equity Shares of Rs.10/- each on various dates, pursuant to the Five-Star Associate Stock Option Scheme, 2015.
c) made a preferential issue of 13,32,262 fully paid up Equity shares of Rs 10/- each which were allotted on 22nd July 2019 on private placement basis.
d) amended its Articles of Association by adopting a full set of restated Articles of Association in substitution of the existing Articles at its extraordinary general meeting held on 24th January 2020.
e) made a preferential issue of 7,50,000 Partly Paid Equity shares of Rs 10/- each which were allotted on 25th February 2020 on private placement basis.
f) issued and allotted 9,67,597 Partly Paid Equity shares of Rs 10/- each on 21st March 2020 pursuant to a rights issue.
g) redeemed 1,850 NCDs on various dates
h) passed a special resolution under Section 180(1)(c) of the Act at the annual general meeting held on 25th September 2019 fixing the borrowing limits as Rs 4000 Crores (Rupees Four Thousand Crores Only)
i) passed a special resolution for Private Placement of debentures under section 42 and 71 of the Act up to a sum of Rs 2500 Crores (Rupees Two Thousand Five Hundred Crores only).

We also report that Five-Star Housing Finance Private Limited, Wholly Owned Subsidiary Company was amalgamated with the Company with effect from 17th March, 2020, as per the confirmation order of the Scheme of Amalgamation received from the Regional Director - Southern Region, Ministry of Corporate Affairs.

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

Place: Chennai
Date: 01 June 2020
UDIN: F005853B000308606

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

'Annexure - I'

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

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

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

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

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

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

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

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

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

Place: Chennai
Date: 01 June 2020

Annexure - F

CORPORATE SOCIAL RESPONSIBILITY REPORT

1. Brief outline of the Company's CSR policy including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.

Five-Star is a growing company and is committed towards social welfare of the common people as it caters the housing needs of self-employed, informal segment of customers, belonging to middle income, primarily from semi urban and rural markets. The Company shall seek to positively impact the lives of the disadvantaged by supporting and engaging in activities that aim to improve their wellbeing.

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

The Company's CSR policy has been uploaded in the website of the Company and the web link to CSR policy is http://www.fivestargroup.in/our-policies/

2. Composition of the CSR Committee

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

The Committee met once during the financial year on 27th February 2020.

3. Average net profit of the Company for the last three financial years: Rs 10,814.22 lakhs

4. Prescribed CSR expenditure ***(2% of the average net profit of the last three financial years)***

The Company during the financial year 2019-20 is required to spend Rs. 216.28 lakhs towards CSR.

5. Details of CSR spent during the financial year:

a) Total amount spent for the financial year: Nil
b) Amount unspent, if any; Rs. 216.28 lakhs
c) Manner in which the amount spent during the financial year is detailed below:

CSR Project or activity identified	Sector in which the project is covered	Project programs (1) Local area or other (2) Specify the state and district where the projects or programs were undertaken	Amount outlay (budget) project or program wise	Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs (2) Overheads:	Cumulative expenditure upto the reporting period	Amount spent directly or through implementing agency
-	-	-	-	-	-	-

6. In case the company has failed to spend the two percent of the average net profit of the last three financial years or any thereof, the company shall provide the reasons for not spending the amount in its Board's Report

The management is in the process of identifying suitable projects and programme which would complement the businesses of the Company. As advised by the CSR Committee, in its meeting on 27th February 2020, the Management was to look out for projects in areas of financial literacy, financial inclusion, livelihood and it was proposed to reach out to senior government officials to facilitate this. However, the onset of COVID-19 pandemic and the subsequent lockdowns made it difficult for the company to identify and carry out such projects.

During the current financial year viz. FY 2020-21, it is proposed to grant donations and make contributions towards COVID relief measures, which would be eligible to be classified as CSR expenditure.

7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and policy of the company

The CSR Committee confirms that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and policy of the company.

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

Chennai
10 June 2020

Annexure - G

DIRECTOR'S APPOINTMENT AND REMUNERATION POLICY
FIVE-STAR BUSINESS FINANCE LIMITED – DIRECTORS APPOINTMENT, REMUNERATION & EVALUATION POLICY

1. Purpose of this Policy:
Five-Star Business Finance Limited ("Five-Star" or the "Company") has adopted this Policy on appointment, remuneration and evaluation of the Directors, Key Managerial Personnel and Senior Management (the "Policy") as required by the provisions of Section 178 of the Companies Act, 2013 (the "Act").

The purpose of this Policy is to establish and govern the procedure applicable:

a) To evaluate the performance of the members of the Board.
b) To ensure remuneration to Directors, KMP and Senior Management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.
c) To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

The Company should ensure that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully and the relationship of remuneration to performance is clear and meets appropriate performance benchmarks.

2. Definitions:
Independent Director means a director referred to in Section 149(6) of the Act, as amended from time to time.

Key Managerial Personnel (the "KMP") shall mean "Key Managerial Personnel" as defined in Section 2(51) of the Act.

Nomination and Remuneration Committee, by whatever name called, shall mean a Committee of Board of Directors of the Company, constituted in accordance with the provisions of Section 178 of the Act.

Remuneration means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income tax Act, 1961.

Senior Management means personnel of the Company who are members of its core management team excluding Board of Directors. This would include all members of management one level below the Managing Director, including all functional heads.

Words and expressions used and not defined in this Policy, but defined in the Act or any rules framed under the Act or the Accounting Standards shall have the meanings assigned to them in these regulations.

3. Composition of the Nomination & Remuneration Committee:
The composition of the Committee to be in compliance with the Act, Rules made thereunder, as amended from time to time.

4. Role of the Committee:

a) To review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's Corporate Strategy.
b) To identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for Directorships.

c) To assess and ensure the independence of Independent Non-Executive Directors.
d) To review the result of the performance evaluation process that relates to the composition of the Board.
e) To make recommendation to the Board regarding the appointment and re- appointment of Directors and succession planning for Directors, in particular for Chairman & Chief Executive.
f) To recommend the remuneration payable to Non-Executive Directors of the Company from time to time.
g) Annual appraisal of the performance of Managing Director and fixing his terms of remuneration.
h) Laying down manner of Annual appraisal of the Senior Management Team reporting to the Managing Director.
i) Administration and superintendence in connection with the Associate Stock Option Schemes under the broad policy and framework laid down by the Company and/or by the Board of Directors.
j) Formulate from time to time specific parameters relating to the Associate Stock Option Schemes.
k) Identification of persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance.
i) Formulation of criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees

5.Appointment and removal of Director, KMP and Senior Management:
5.1. Appointment criteria and qualification: The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director and recommend to the Board his/her appointment.

For the appointment of KMP (other than Managing Director) or Senior Management, a person should possess adequate qualification, expertise and experience for the position he / she is considered for the appointment.

Further, for administrative convenience, towards the appointment of KMP (other than Managing Director) or Senior Management, the Managing Director is authorized to identify and appoint a suitable person for such position. However, if the need be, the Managing Director may consult the Committee/Board for further directions/guidance.

5.2. Term: The Term of the Directors including Managing Director / Independent Director shall be governed as per the provisions of the Act and Rules made thereunder, as amended from time to time. Whereas the term of the KMP (other than the Managing Director) and Senior Management shall be governed by the prevailing HR policies of the Company.

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

5.4. Removal: Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, Rules and Regulations thereunder and / or for any disciplinary reasons and subject to such applicable Acts, Rules and Regulations and the Company's prevailing HR policies, the Committee may recommend, to the Board, with reasons recorded in writing, removal of a Director, KMP or Senior Management.

5.5. Policy Review: Subject to the approval of the Board, the Nomination & Remuneration Committee reserves the right to review and amend this policy, if required, to ascertain its appropriateness as per the needs of the Company. The company may be amended by passing a resolution at a meeting of the Nomination and Remuneration Committee.

6. Remuneration of Managing Director, KMP and Senior Management:
The remuneration / compensation /commission, etc., as the case may be, to the Managing Director will be determined by the Committee and recommended to the Board for approval. The remuneration/compensation/commission, etc., as the case may be, shall be subject to the approval of the shareholders of the Company and Central Government, wherever required and shall be in accordance with the provisions of the Act and Rules made thereunder. Further, the Managing Director of the Company is authorised to decide the remuneration of KMP and Senior Management, and which shall be decided by the Managing Director based on the standard market practice and prevailing HR policies of the Company.

7. Remuneration to Non-executive/ Independent Director:

The remuneration/commission/sitting fees, as the case may be, to the Non- Executive/Independent Director, shall be in accordance with the provisions of the Act and the Rules made thereunder for the time being in force or as may be decided by the Committee/Board/shareholders.

Annexure - Criteria for Evaluation

Criteria for evaluation of the Board and non-independent directors:

1. Composition of the Board and availability of multi-disciplinary skills
2. Commitment to good Corporate Governance Practices
3. Adherence to Regulatory Compliance
4. Track record of financial Performance
5. Grievance redressal mechanism
6. Existence of integrated Risk Management System
7. Use of Modern technology
8. Commitment to CSR
9. Stakeholder focus
10. Knowledge sharing
11. Drive and commitment
12. Financial & Risk Awareness

Criteria for evaluation of Chairman & Managing Director:

1. Leadership qualities
2. Standard of Integrity
3. Understanding of Macroeconomic trends and Micro Industry trends.
4. Public Relations
5. Future Vision and Innovation

Criteria for evaluation of Independent Directors:

1. Qualifications & Experience
2. Standard of Integrity
3. Attendance in Board Meetings/AGM
4. Understanding of Company's business
5. Value addition in Board Meetings

Criteria for evaluation of the Committees:

1. Qualification & Experience of members
2. Depth of review of financial performance
3. Oversight of Audit & Inspection
4. Review of regulatory compliance
5. Fraud monitoring
6. Defined set of terms of reference
7. Consideration of the recommendations of the committees by the Board
8. Familiarity of the members with the policies, procedures and guidelines of the Committees
9. Receipt of agenda & supporting materials by the members
10. Attendance at committee meetings

CORPORATE GOVERNANCE REPORT

Annexure - H

CORPORATE GOVERNANCE REPORT

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

Company Philosophy

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

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

Board of Directors

As on the date of this report, your Board of Directors consists of Twelve (12) members including the Chairman cum Managing Director.

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

During the financial year ended 31st March 2020, 7 (Seven) Board Meetings were held on 25th April, 2019, 14th May, 2019, 18th June, 2019, 2nd August, 2019, 29th August, 2019, 6th November, 2019 and 27th February, 2020 respectively and not more than 120 days elapsed between any two meetings.

Particulars of the Directors' attendance to the Board/Committee Meetings and particulars of their other company directorships are given below:

Name	Name of Directorship	Attendance		Other Dicrectorship
		Board	Committee	
Mr D Lakshmipathy	Chairman & Managing Director	7	41	-
Mr B Haribabu	Independent Director	7	42	-
Mr Ramanathan Annamalai	Independent Director	6	41	8
Ms Bhama Krishnamurthy	Independent Director	6	5	6
Mr R Anand	Independent Director	7	5	7
Mr L R Raviprasad	Non-Executive Director	6	42	1
Mr Vasan Thirulokchand	Non-Executive Director	6	-	-
Mr Vikram Vaidyanathan	Nominee Director	4	1	12
Mr Ling Wei Ong	Nominee Director	-	-	1
Mr Arjun Saigal	Alternate Director to Mr Ling Wei Ong, Nominee Director	2	-	4
Mr G V Ravishankar	Nominee Director	4	-	15
Mr Gaurav Trehan	Nominee Director	1	-	5

Changes in Board of Directors

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

- Mr Ling Wei Ong, nominated by NHPEA Chocolate Holdings B.V. and Mr G V Ravishankar nominated by SCI Investments V, Non-Executive Directors retired by rotation at the 35th Annual General Meeting held on 25th September 2019 and were re-appointed.

- Mr Arjun Saigal, who ceased to be an alternate director to Mr Ling Wei Ong who retired by rotation, on 25th September 2019 was appointed as an Alternate Director to Mr Ling Wei Ong with effect from 25th September 2019.

- Mr B Haribabu, Independent Director whose first term ended on 27th March, 2020 was re-appointed for a second term of five years effective 28th March 2020, subject to the shareholders' approval at the ensuing annual general meeting.

Independent Directors

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

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

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

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

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

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

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

Code of Conduct

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

Committees of the Board

Audit Committee

Composition and Meetings

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

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

The Audit Committee of the Board met four (4) times during the year on 13th May, 2019, 2nd August, 2019, 6th November, 2019 and 26th February, 2020 respectively.

Terms of reference:

1. Oversight of the Company's financial reporting process and the disclosure of its financial interest to ensure that the financial statements are correct, sufficient and credible.
2. The recommendation for appointment, remuneration and terms of appointment of statutory, secretarial and internal auditors of the company.

3. Reviewing with the management the quarterly, half yearly and annual financial statements before submission to the Board, with particular reference to:
    - Matters required to be included in Director's Responsibility Statement to be included in the Board's report to members.
    - Changes, if any in accounting policies and practices and reasons for the same.
    - Major Accounting entries involving estimates based on the exercise of judgment by management.
    - Significant adjustments made in the financial statements arising out of audit findings.
    - Compliance with accounting and other legal requirements relating to financial statements.
    - Disclosure of any Related Party Transactions.
    - Qualifications in draft Auditors Report.
4. Reviewing with the management performance of statutory and internal auditors, adequacy of the internal control systems.
5. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department reporting structure and frequency of internal audit.
6. Discussion with internal auditors any significant findings and follow up thereon.
7. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
8. Discussion with statutory auditors before the audit commences, about the nature & scope of audit as well as post audit discussion to ascertain any area of concern.
9. Review on quarterly basis the securitization/bilateral assignment transactions and investment activities of the Company.
10. Annual Review of Company's policies framed pursuant to RBI and other regulatory guidelines and suggest changes if any, required to the Board for adoption.
11. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
12. Examination of the financial statement and the auditors' report thereon;
13. Approval or any subsequent modification of transactions of the company with related parties;
14. Scrutiny of inter-corporate loans and investments;
15. Valuation of undertakings or assets of the company, wherever it is necessary;
16. Monitoring the end use of funds raised through public offers and related matters.

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

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

Nomination & Remuneration Committee

Composition and Meetings

As on the date of this report, the Nomination & Remuneration Committee currently consists of the following members:
1. Mr A Ramanathan, Independent Director
2. Mr B Haribabu, Independent Director
3. Mr L R Raviprasad, Non-Executive Director
4. Mr Vikram Vaidyanathan, Non-Executive Director

The Nomination & Remuneration Committee of the Board met 2 (Two) times during the year on 14th May, 2019 and 6th November, 2019.

Terms of Reference
1. To review the structure, size and composition (including the skills, knowledge and experience) of the Board atleast annually and make recommendations on any proposed changes to the Board to complement the Company's Corporate Strategy.

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

Business & Resource Committee
Composition and Meetings
As on the date of this report, the Business & Resource Committee currently consists of the following members:
1. Mr D Lakshmipathy, Chairman & Managing Director
2. Mr L R Raviprasad, Non-Executive Director
3. Mr B Haribabu, Independent Director
4. Mr A Ramanathan, Independent Director

The Business & Resource Committee of the Board met 40 (Forty) times during the year on 11th April, 2019, 16th April, 2019, 23rd April, 2019, 8th May, 2019, 16th May, 2019, 22nd May, 2019, 28th May, 2019, 10th June, 2019, 18th June, 2019, 25th June, 2019, 28th June, 2019, 11th July, 2019, 25th July, 2019, 8th August, 2019, 16th August, 2019, 28th August, 2019, 10th September, 2019, 24th September, 2019, 25th September, 2019, 8th October, 2019, 30th October, 2019, 8th November, 2019, 20th November, 2019, 6th December, 2019, 11th December, 2019, 12th December, 2019, 24th December, 2019, 10th January, 2020, 24th January, 2020, 29th January, 2020, 8th February, 2020, 18th February, 2020, 24th February, 2020, 25th February, 2020, 27th February, 2020, 6th March, 2020, 18th March, 2020 and 21st March, 2020.

Terms of Reference
1. Borrowing such sum or sums of moneys, availing all kinds and types of loans and credit facilities including debentures and other debt instruments, commercial paper, temporary loans from the company's bankers, from time to time, upto such sum / limit as may be fixed by the Board of Directors / Shareholders, for and on behalf of the Company, from its directors, shareholders, banks, NBFCs, financial institutions, companies, firms, bodies corporate, Co-operative Banks, investment institutions and their subsidiaries, or from any other person as may be permitted under applicable laws, whether unsecured or secured by mortgage, charge, hypothecation or lien or pledge of the Company's assets and/or properties, whether movable including stocks, fixed assets, book debts and to create security over the assets and / or properties of the Company in relation to such borrowings and loan/ credit facilities, modification or satisfaction of the charge/ security created on the assets and/or properties of the Company from time to time.
2. To mortgage / charge/ hypothecate all or any of the movable properties and assets of the Company both present and future and the whole or substantially the whole of the undertaking or the undertakings of the Company on such terms and conditions, as may be agreed to with the Lender(s), Debenture holders and providers of credit and debt facilities to secure the loans / borrowings / credit / debt facilities obtained or as may be obtained, or Debentures/Bonds and other instruments issued or to be issued by the Company to or in favour of the financial institutions, Non-Banking Financial Companies, Co-operative Banks, investment institutions and their subsidiaries, banks, mutual funds, trusts and other bodies corporate or trustees for the holders of debentures/bonds and/or other instruments.
3. To establish current and other banking accounts with various banks upon such terms and conditions as may be agreed upon with the said bank and various other entities; to specify and change the authorized signatories and their transaction limits to the said banking accounts; to close current and other banking accounts.
4. To consider and approve securitization arrangements and to authorize carrying out of all actions connected therewith.

5. Issuance of Share/Debenture and other security certificates
   a. Issuance of fresh Share/Debenture and other security certificates
   b. Issuance of duplicate Share/Debenture and other security certificates
   c. Issuance of certificates upon request of the Company on split/consolidation/replacement of old and duplicate certificates, transfer or transmission requests.
6. To approve/ratify transfer of securities, to take note of nomination/transmission.
7. To review, modify and approve investment policy of the Company from time to time.
8. To authorize affixing the common seal of the Company in accordance with the manner laid down in the Articles of Association and to authorize taking the Common Seal out of the registered office of the Company.

Asset Liability Committee

Composition and Meetings

As on the date of this report, the Asset Liability Committee currently consists of the following members:
1. Mr D Lakshmipathy, Chairman & Managing Director
2. Mr K Rangarajan, Chief Executive Officer
3. Mr G Srikanth, Chief Financial & Information Officer
4. Mr Sanjay Chaturvedi, Chief Treasury Officer
5. Mr S Prashanth, Head – Treasury

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

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

Corporate Social Responsibility Committee

Composition and Meetings

Your Company has constituted a Corporate Social Responsibility Committee as per Section 135 of Companies Act, 2013 and the Rules made there under. As on the date of this report the Committee consists of following members:
1. Mr D Lakshmipathy, Chairman & Managing Director
2. Ms Bhama Krishnamurthy, Independent Director
3. Mr R Anand, Independent Director

The Corporate Social Responsibility Committee of the Board met 1 (one) time during the year on 27th February, 2020.

Terms of Reference
1. To formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII to the Companies Act, 2013 as may be amended or modified from time to time;
2. To recommend the amount of expenditure to be incurred on the activities referred above.
3. To monitor the Corporate Social Responsibility activities of the company from time to time.

Risk Management Committee

Composition and Meetings

As on the date of this report, the Risk Management Committee currently consists of the following members:
1. Ms Bhama Krishnamurthy, Independent Director - Chairperson
2. Mr D Lakshmipathy, Chairman & Managing Director
3. Mr R Anand, Independent Director
4. Mr J Vishnuram, Chief Risk Officer

The Risk Management Committee meets at quarterly intervals to review the areas falling within its terms of reference.

Terms of Reference

1. Laying down the review of procedures relating to risk assessment & risk minimization to ensure that executive management controls risk through means of a properly defined framework
2. Credit & Portfolio Risk Management.
3. Operational & Process Risk Management.
4. Laying down guidelines on KYC Norms.
5. Evaluation of risk management systems.
6. Gradation of risks into High / Medium / Low.
7. Movement of risks (across high / medium / low categories) to be carried out every quarter.
8. Evaluate the risk relevant policies before the same are placed to the Board for approval.

IT Strategy Committee

Composition and Meetings

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

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

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

Terms of Reference

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

Stakeholders Relationship Committee

Composition and Meetings

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

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

Terms of Reference

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

Remuneration of Directors

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

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

Name	Board	Committee
Mr L R Raviprasad	150,000	30,000
Mr B Haribabu	175,000	30,000
Mr Ramanathan Annamalai	150,000	90,000
Mr R Anand	175,000	75,000
Ms Bhama Krishnamurthy	150,000	75,000
Mr Vasan Thirulokchand	150,000	-

Commission to Non-Executive Directors

All Non-executive Directors including Independent Directors except Nominee Directors for investors are paid remuneration by way of annual commission based on the recommendation by the Nomination and Remuneration Committee. The same has been approved by the Board and is within the limits prescribed under the Companies Act, 2013.

The details of commission paid to Non-executive Directors during the financial year ended 31st March 2020 are as follows:

Director	Commission (₹)
Mr L R Raviprasad	3,00,000
Mr B Haribabu	3,00,000
Mr Ramanathan Annamalai	3,00,000
Mr R Anand	3,00,000
Ms Bhama Krishnamurthy	3,00,000
Mr Vasan Thirulokchand	3,00,000
Total	**18,00,000**

Remuneration to Chairman & Managing Director

The details of remuneration as approved by the Board and Shareholders based on the recommendation of the Nomination and Remuneration Committee and paid to Mr. D. Lakshmipathy, Chairman and Managing Director for the financial year ended 31st March 2020 are as follows:

Particulars	Amount (₹ in Lakhs)
Salary	328.52
Commission	175.00
Total	**503.52**

CMD/CEO/CFO Certification

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

General Body Meetings

During the financial year ended 31st March 2020, one (1) Annual General Meeting was held on 25th September 2019 and three (3) Extra Ordinary General Meetings were held on 18th July 2019, 13th November, 2019 and 24th January 2020.

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

General Shareholder Information

Particulars	Details
Financial Year	1st April, 2019 to 31st March, 2020
36th Annual General Meeting	
Day/ Date/ Time	Monday/ 31st August, 2020/ 10:30 A.M.
Venue	New No 27, Old No 4, Taylor's Road, Kilpauk, Chennai - 600 010.
Registrar and Transfer Agents	**NSDL Database Management Limited** 4th Floor, Trade World, 'A' Wing, Kamala Mills Compound, Lower Parel, Mumbai - 400013
Debenture Trustees	**Axis Trustee Services Limited** The Ruby, 2nd Floor, SW, 29 Senapati Bapat Marg, Dadar West, Mumbai- 400 028 **IDBI Trusteeship Services Limited** Ground Floor, Asian Building, 17, R Kanmani Road, Ballard Estate, Fort, Mumbai, Maharashtra - 400 001 **Catalyst Trusteeship Limited** Office No. 604, 6th floor, Windsor, C.S.T. Road, Kalina, Santacruz (East), Mumbai 400098
Demat ISIN in NSDL and CDSL (Equity Shares)	INE128S01013

Shareholding pattern as on 31st March 2020

Name of the Shareholder	No. of Shares	Percentage (%) of Share Holding
Category		
(A) Promoter & Group	60,27,801	22.22%
(B) Directors & Relatives		
L R Raviprasad	85200	0.31%
B Haribabu	48,100	0.18%
(C) Investors		
Matrix Partners India Investment Holdings II, LLC	41,00,999	15.12%
NHPEA Chocolate Holdings B.V.	35,98,051	13.26%
Matrix Partners India Investments II Extension, LLC	68,897	0.25%
Norwest Venture Partners X - Mauritius	25,69,650	9.47%
SCI Investments V	25,69,650	9.47%
TPG Asia VII SF Pte. Ltd.	61,10,673	22.53%
(D) Public	19,48,870	7.18%
Total	**2,71,27,891**	**100.00%**

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

Chennai
10 June 2020

MANAGEMENT DISCUSSION & ANALYSIS

Annexure - I

MANAGEMENT DISCUSSION ANALYSIS

1. Macro-Economic Overview

1.1. The initial part of the financial year was abuzz with good tidings for the Indian economy. Starting with a single party majority government being elected, government wanting to convert India into a $5 trillion economy over the next 5 years, Economic Survey coming out with pro-business outlook and finally corporate tax rate cuts, everything seemed to be in line with aspirations.

1.2. Despite all these measures, the economy was slowing down as can be seen in the quarterly GDP figures which dropped from 5.8% in Q4 of last financial year to 4.7 in Q3 of FY 2020 and further to 3.1% in Q4 of FY 2020[1].

1.3. Further, the COVID-19 pandemic, which hit the country in March 2020, created an unprecedented uncertainty and has rendered the future prospects completely uncertain. The Company is keeping a close watch on the developments and will be taking necessary actions depending on how the effects of the pandemic pan out.

2. Industry Overview

2.1. The Financial Services industry has been in the news for more undesirable reasons over the past few years. Even large institutions across banks and financial institutions have been under severe stress, with some of them obliterated in the recent past while the government and RBI have stepped in to save the others from ruin. Governance issues, fundamental weaknesses, short-sightedness, etc have all contributed to this unfortunate situation.

Such incidents affect not just the concerned institution but the entire industry at large. The entire financial services industry gets stigmatized and every institution is forced to bear the brunt. Asset quality issues crop up, liquidity gets dried up, cashflow issues surface and the whole operations get into a spin. In particular, these issues affect the smaller and mid-sized companies and it becomes a question of survival for such entities.

2.2. The current financial year has been even more unsympathetic, not just on the financial services sector but across sectors and across the globe. The COVID-19 pandemic has been significantly severe to say the least and every institution across sectors have been impacted by this. More particularly to the financial services industry, every government and central bank across the globe have been taking measures to contain the effects of the pandemic but the results till now have not been very encouraging. The duration of the pandemic remains to be seen and it is unlikely that there would be any major growth during the current financial year i.e. FY 2020-21.

The pandemic hit the world hard during the last quarter of FY 2020 and the major effect of this in India was felt in the month of March, more towards the second half of the month. The Government sent the nation into a complete lockdown, businesses went into a shell, RBI came out with measures like moratorium, etc and while all these had relatively minimal impact during FY 2020, the impact would be more pronounced in FY 2021.

3. Operating Environment

There were challenges in the operating environment throughout the year and this was further compounded with the onset of the COVID-19 pandemic.

3.1. Growth

As per an ICRA report “Retail NBFC Credit Trends”, Retail-NBFC AUM stood at Rs. 9.8 trillion on December 31, 2019, growing 15% YoY. The slowdown was contributed primarily by the demand slowdown in the vehicle segment and weaker offtake in the SME segment.

[1] Source – Ministry of Statistics and Program Implementation

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

3.2. Asset Quality

As per the Financial Stability Report of RBI, the GNPA of NBFCs increased from 6.1% in FY 2019 to 6.4% in FY 2020. The asset quality is also expected to worsen even further in FY 2021 given the widespread damage caused by the pandemic.

3.3. Regulatory changes

One of the very important regulatory pronouncements during the financial year 2019-20 pertains to the Guidelines on Risk Management Framework published by the Reserve Bank of India. The necessity for a robust Risk Management System could not have been more pronounced than during the current financial year. A number of institutions faltered for want of a robust risk management framework and the Central Bank deemed it appropriate to come out with comprehensive guidelines for adherence by NBFCs as well.

The appointment of a Chief Risk Officer, independent of any kind of functional responsibilities other than risk identification, measurement, mitigation, etc, was made mandatory. Further, detailed liquidity risk management guidelines including applicability of LCR (Liquidity Coverage Ratio) was imposed upon NBFCs. This was to avoid any kind of systemic risk being triggered by the fall of NBFCs.

With the onset of the COVID-19 pandemic, RBI also came out with numerous measures to address liquidity requirements of NBFCs viz. Targeted Long Term Repo Operations, Partial Credit Guarantee Schemes, etc. Additionally, the Prime Minister of India also announced the 20 lakh crore Atmanirbhar Bharat package, which had significant rejuvenation measures across various sectors, with a view to boost the economy towards the path of stabilisation and growth. While it is still early days to analyse the impact of these measures, the widespread effect of COVID-19 has left a lasting impact on the entire economy, and it is going to take a fairly long while to bring the economy back on track.

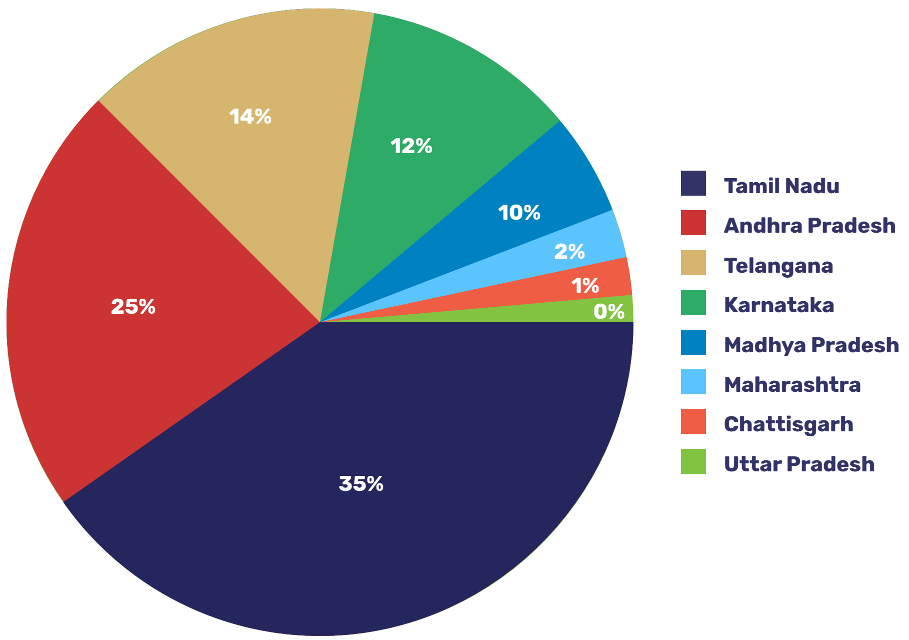
4. Five Star – An overview

Once again, Five Star had an excellent year in FY2020. Though we missed our milestone target of "4040 by 2020" by a whisker, the significant achievements of the company during the year deserve mention. The company clocked a full year portfolio growth of over 84%, while the profits grew by over 67% for the year.

As has been the norm, the company achieved growth during the current year by onboarding new borrowers across geographies. The borrower count almost doubled from about 73,000 in FY 2019 to over 140,000 in FY 2020. This is a clear indication of the company spreading its risk across a much larger base of borrowers, which is also a very efficient risk containment and mitigation measure.

During the year, the state of Madhya Pradesh witnessed significant branch growth from 7 in FY 2019 to 26 in FY 2020. Madhya Pradesh is slated to be our launchpad to enhance our presence in the central and northern regions of our country.

The overall branch count increased from 173 in FY 2019 to 252 in FY 2020 registering a growth of about 46%. The state-wise split of branches as at March 2020 is given below.



As can be seen from the graph, Five Star continues to diversify geographically, thereby mitigating the risk of concentrated portfolio in a particular geography.

The trait of the company growing its portfolio by increasing its borrower base rather than by increasing the ticket size was adhered to without compromise even during the current financial year. As already stated, the borrower base of the company almost doubled from ~ 73,000 in FY 2019 to more than 140,000 in FY 2020. This translates to an average loan outstanding of less than 2.75 lakhs per borrower, which has remained fairly range bound over the last many years.

Five Star always prides upon its focus on collections which is imparted as the most important facet to every employee of the company. Every branch staff of the company is sensitised to treat collections more importantly than business. The incentive structure of the company is a combination of achieving business and collections targets and non-achievement of collections targets renders the staff ineligible for incentives.

During the year under discussion, the company achieved some of the best portfolio quality metrics amongst players operating in this borrower segment. Though the year-end numbers are skewed on the higher side viz. Stage 3 assets of 1.37% as at March 31, 2020, due to the impact of the pandemic, it still cannot take away the strength in the company's portfolio quality. For the period ended December 31, 2019, the company's Stage 3 assets (erstwhile Non-performing assets) ratio was a paltry 0.75%. Had the pandemic not hit in March 2020, Five Star would most certainly have bettered its Dec 2019 portfolio quality.

5. Operational & Financial Metrics

5.1. Branches:

The Company enhanced its branch network from 173 in FY2019 to 252 in FY2020. As is the practice every year, seed branches were put up in newer states this year as well. The Company opened 3 branches in Chhattisgarh and 1 branch in Uttar Pradesh and these branches will be closely monitored so that they can form the base upon which the branch presence in these states can be expanded.

5.2. Portfolio growth:

Five Star's Consolidated AUM increased from INR 2,113 Cr in FY2019 to INR 3,892 Cr in FY2019[2], which translates to a growth of about 84% for the year.

5.3. Loan disbursals:

During the year, the company disbursed an amount of about INR 2,409 crores as against INR 1,482 Crores in the previous year.

5.4. Asset quality:

For the financial year ended 31st March 2019, the company achieved a 90+ DPD of 1.37%, as against a 90+ DPD in the previous[1] year of 0.88%. As already stated, the increase in 90+ DPD was a direct result of the lockdown imposed across the country in the last week to 10 days of March 2020, due to which collections effort was significantly impacted.

5.5. Capitalisation:

The Company also raised a follow-on round of equity capital amounting to INR 315 Crores during the financial year, which, along with the strong internal accrual, spruced up the net worth of the company to about INR 1,945 Crores as at 31st March 2020.

5.6. Profitability:

Despite the impact of the pandemic and the additional provisions that the Company absorbed on its P&L, the company managed a robust profitability of INR 261 Crores in FY2020 as against INR 156 Crores in FY2019.

Some of the operational and financial highlights are given below.

Parameter	FY 2020	FY 2019	Growth
Assets under Management (INR Cr)	3,892.23	2,112.81	84%
Amount disbursed (INR Cr)	2,408.67	1,481.46	63%
Branches (#)	252	173	46%
Number of accounts	143,079	72,890	96%
Number of employees	3,734	1,971	89%
Total comprehensive income	260.84	156.28	67%

6. Key Performance Updates

6.1. Fresh Capital infusion:

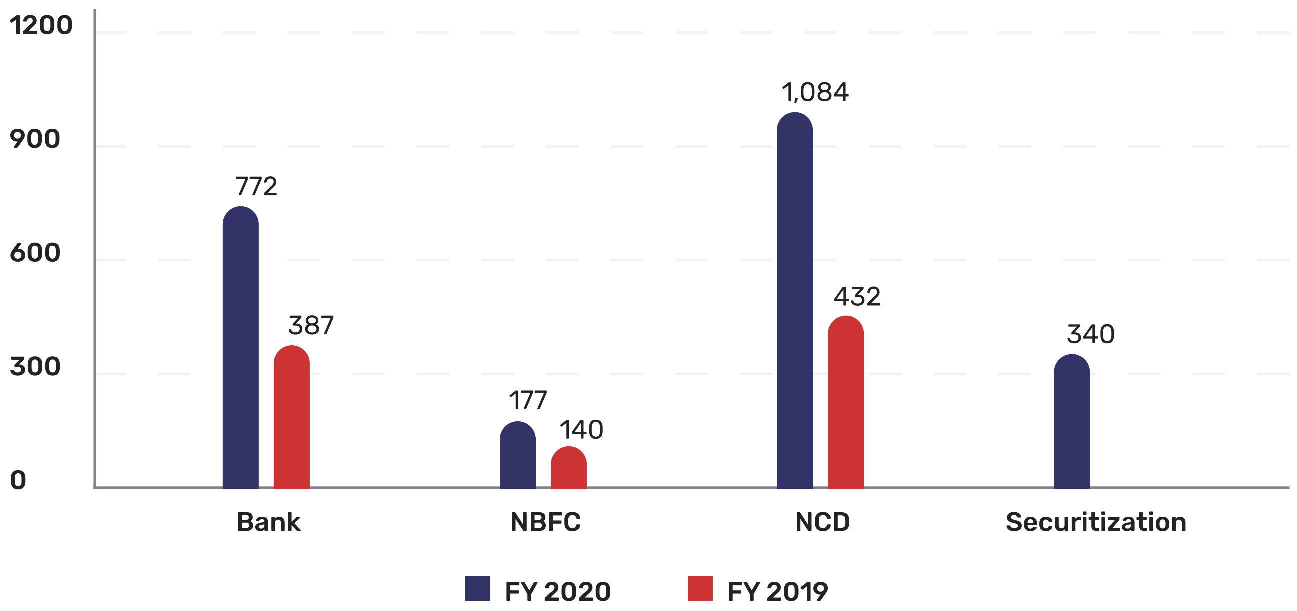
During the financial year ended 31st March 2020, the company received a follow-on round of equity infusion amounting to INR 315 Crores from TPG Capital, who had also invested significant moneys into the company in FY 2019.

6.2. Expanding debt funding:

The Company managed to raise good quantum of funds despite trying liquidity conditions. From a borrowing outstanding of INR 955 Crores in FY 2019, the company ended FY 2020 with a borrowing outstanding of INR 2,372 Crores which will augur well from a shareholder return perspective. The Company added about 9-10 new lenders across categories viz. PSU, private banks, and NBFC which shows the confidence lenders have in the company. Five Star also received debt through the NCD route of a large quantum of INR 125 Crores from responsAbility, the Switzerland headquarted development finance organization (DFI). Despite the increase in outstanding borrowings, the company also kept the leverage at a low level, which is a significant confidence building measure from the lenders' perspective.

The Company also increased the outstanding across lender categories like Banks, NBFCs, NCDs. The company also embarked on Securitization transactions during the year. 4 transactions with an outstanding as at 31st March 2020 of 340 crores were consummated during the year.

[2]AUM is without netting off the ECL



6.3. Leverage:
The company had a very healthy leverage for the period ended March 31, 2020 at 1.21x, on account of robust internal accruals and the follow-on equity infusion.

6.4. Enhanced Rating:
Despite the significant downturns in the economy especially the financial services industry, the company managed to retain its rating of A Stable from both ICRA and CARE Ratings.

6.5. Asset-Liability Management:
The Company has a conservative ALM policy, which defines a minimum liquid balance to be maintained on a monthly basis which will effectively take care of all obligations and other fund requirements over the next 3 months. This is strictly maintained despite the negative carry that it may entail. Also, the company follows 2 other tenets to have an effective ALM – not using short term liabilities to fund long term assets, and using the put / call option dates as the maturity date for ALM workings. This ensures that the company is adequately prepared to meet any contingencies in the future.

6.6. Human Resources:
Among the four factors of production i.e. Land, Labour, Capital and Organization, labour or people occupy the most important part. With the right set of people, the other factors of production can be put to the most optimal use. Five Star lays significant importance on hiring the right resources, placement, induction and training which will lead to the growth of the employees in the long run.

Due to this focus, in the last 30 months since Sep 2017 and especially during the 3 months since the hit of pandemic, Five Star was able to witness the strength of its people being one of the most important factors that has contributed to the overall success of the organisation. This is also the reason why this year's report is dedicated to the company's entire workforce, not just to their individual efforts, but to their ability to achieve extraordinary results as a team. For, as they say, **T**ogether **E**veryone **A**chieves **M**ore is what teamwork is all about. And our journey over the last 30 months has exemplified this in every respect.

During the year, the company recruited 2,604 employees which took the total staff strength to 3,734 as against a headcount of 1,971 as at March 2019, representing a growth of close to 90%. The attrition was maintained at low levels through provision of adequate employee benefits, opportunities for growth and keeping the motivation of the employees at high levels.

The Management team continues to remain intact without any attrition. This team is responsible for laying down the strategies and also ensuring that the strategies are properly executed for the benefit of the company. During the year, the company also hired a Chief Treasury Officer along with setting up a Treasury desk at Mumbai, which will serve as a prominent hub of Investor Relations for debt raises in the years to come.

6.7. Technology:

Technology is accorded high level of importance at Five Star. Starting from moving into a completely cloud-based ERP solution in Apr 2017 to building its own applications for better using and analysing the data, the company has come quite some way in leveraging technology for better operational efficiency and risk management.

In order to bring about customer convenience, the Company has also facilitated payment of instalments through digital means like UPI, payment through the company's website, etc. It is proposed to enhance the levels of technology towards enhanced and proactive identification of risks and mitigating them in the best manner possible.

6.8. Risk Management and Audit Framework:

Five Star believes in building a robust risk management and audit framework, which are essential ingredients for ensuring a robust process. During the year, the Company had identified Mr Vishnuram, who was heading the Operations department, to take over as the Chief Risk Officer (CRO), despite the size of the company being lower than the threshold required to have a dedicated Chief Risk Officer. The Chief Risk Officer would be reporting to the reconstituted Risk Management Committee of the Company. The Committee and the CRO would be responsible for understanding the risk elements inherent in the business model, identifying them early and providing for necessary risk mitigation measures.

The Internal Audit framework has also been strengthened by introducing new items in the audit scope, which will be split between the Internal Audit team of the company and also the External Audit team, depending on their area of expertise.

The Company has also been subjected to yearly RBI inspections and there have been no major observations in any of these inspections.

6.9. Internal Financial Controls:

Five Star has an Internal Financial Control system, commensurate to the size and complexity of its business and operations. The control system is designed to provide a high degree of assurance regarding the effectiveness and efficiency of the controls and mitigants to ensure that the operations and processes remain at acceptable levels, as far as possible. Additionally, the company had also engaged an external audit firm to develop a robust Internal Control system and test the same, and the report has been shared with the Statutory Auditors, who have also tested the controls as part of their audit exercise.

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

Chennai
10 June2020

Annexure - J

PARTICULARS OF EMPLOYEES

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

(i) & (ii) Ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year 2019-20 & the percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year 2019-20:

Name of the Director	Title	% increase of remuneration in FY 2019 - 20 as Compared to FY 2018 - 19	Ratio of remuneration to Median Remuneration of Employees
D Lakshmipathy	Chairman & Managing Director	46	-
A Ramanathan*	Independent Director	33.33	1.64
R Anand*	Independent Director	33.33	1.64
Bhama Krishnamurthy*	Independent Director	33.33	1.64
B Haribabu*	Independent Director	33.33	1.64
L R Raviprasad*	Non-Executive Director	33.33	1.64
Vasan Thirulokchand*	Non-Executive Director	33.33	1.64

** Excluding sitting fees*

Name of the KMP	Designation	% increase of remuneration in FY 2019 - 20 as Compared to FY 2018 - 19
K Rangarajan*	Chief Executive Officer	25
G Srikanth*	Chief Financial Officer	22
B Shalini	Company Secretary	51

**Excluding stock options*

(iii) The percentage increase/(decrease) in the median remuneration of employees in the financial year 2019-20: (2.71%) as compared to the financial year 2018 -19.

(iv) The number of permanent employees on the rolls of the Company as of 31st March, 2020 and 31st March, 2019, was 3,734 and 1,936 respectively.

(v) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:
The average percentile increase in salaries of employees including managerial personnel for the financial year 2019 -20 was 16.3%.

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

S. No	Name	Designation	Remuneration	Nature of Employment	Qualification and Experience	Date of commencement	Age	Last Employment	% of equity shares held*
1.	D Lakshmipathy	Chairman & Managing Director	503.51	Full time	**B.Tech -** About 2 decades of experience in financial services industry	01-06-2012	46	NA	13.68
2.	K Rangarajan	Chief Executive Officier	187.75	Full time	**MBA & PGP -** About 15 years years of experience across banking, private equity and advisory.	06-08-2015	40	Spark Capital	NA
3.	G Srikanth	Chief Financial Officier	104.69	Full time	**MBA -** About 15 years across multiple functions like business planning, securitisation, structuring, treasury and operations.	12-10-2015	40	Asirvad Microfinance	NA
4.	J Vishnuram#	Chief Risk Officier	62.63	Full time	**MBA -** About 15 years of Experience in banking professional	15-03-2017	40	Deutsche Bank	NA
5.	S Parthasarathy#	Chief Credit Officer	57.71	Full time	**CA -** About 15 years of Experience in banking professional in credit and risk functions	03-01-2018	39	DBS	NA
6.	T Sathya Ganesh#	Head -Business & Collection	46.76	Full time	**MBA -** About 18+ years of experience in banks and NBFCs.	19-12-2016	42	Shriram Housing	NA

S. No	Name	Designation	Remuneration	Nature of Employment	Qualification and Experience	Date of commencement	Age	Last Employment	% of equity shares held*
7.	S M Seshathri#	Head -Credit	36.81	Full time	**BCom., B.L. -** About 2 decades of experience in the company and has led in the areas of credit management, operations, and risk management	02-01-1996	47	NA	NA
8.	Parthasarathi Asuri#	Head – Internal Audit	33.63	Full time	**CA, CS, ICWA -** About 16 years of experience in banking industry with experience in finance, accounts and taxation.	19-10-2018	40	F L Smidth Pvt Ltd	NA
9.	Mahesh Gourishetty#	Head – HR	31.96	Full time	**PGDM -** About 15 years of experience in various organisations in the field of HR and in leading entire lifecycle of human capital management	02-04-2018	40	Sterlite Power	NA
10.	S Prashanth#	Head - Treasury	31.93	Full time	**MBA -** About 16 years' of cross functional experience across industry and advisory	02-05-2017	40	2M Management Services	NA

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

 # - Excluding stock options.

** - % of equity shares held by the employee in the company within the meaning of Rule 5(2)(iii)*

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

Chennai
10 June2020

FINANCIAL STATEMENTS

Auditor’s Report

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

Opinion

We have audited the financial statements of Five-Star Business Finance Limited (“the Company”), which comprise the balance sheet as at 31 March 2020, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as “the financial statements”).

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 (“Act”) in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2020, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Emphasis of matter

As described in Note 51 to the financial statements, the extent to which the COVID - 19 pandemic will impact the Company’s financial performance is dependent on future developments, which are highly uncertain.
Our opinion is not modified in respect of this matter

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the matter was addressed in our audit

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

Recognition and measurement of impairment of loans involve significant management judgement

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

Further, in relation to COVID-19 pandemic, judgements and assumptions include the extent and duration of the pandemic, the impacts of actions of governments and other authorities, and the responses of businesses and consumers in different industries, along with the associated impact on the economy

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

- Segmentation of loans given to the customer
- Criteria selected to identify significant increase in credit risk, particularly in respect of moratorium benefit given to eligible borrowers, as per the Company's board approved policy, read with the RBI COVID 19 regulatory package
- Increased level of data inputs for capturing the historical data to calculate the Probability of Default ('PDs') and Loss Given Default ("LGD") and the completeness and accuracy of that data
- Use of management overlays, considering the probability weighted scenarios, credit risk of the customers, the forward looking macro-economic factors, economic environment and the timing of cash flows, impact of the pandemic on its customers their ability to repay dues.
- Use of management overlays, considering the probability weighted scenarios, the forward looking macro-economic factors, economic environment and the timing of cash flows, impact of the pandemic on the Company's customers and their ability to repay dues and application of regulatory package announced by the Reserve Bank of India on asset classification and provisioning.

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

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

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

- Evaluation of the appropriateness of the impairment principles based on the requirements of Ind AS 109.
- Performed process walkthroughs to identify the controls used in the impairment allowance processes.
- Assessed the design and implementation of controls in respect of the Company's impairment allowance process such as the timely recognition of impairment loss, the completeness and accuracy of reports used in the impairment allowance process and management review processes over the calculation of impairment allowance
- Obtained understanding of management's processes, and controls implemented in relation to impairment allowance process, particularly in view of providing moratorium as per board approved policy read with RBI COVID-19 regulatory package including management rationale for determination of criteria of significant increase in credit risk.
- As at the year end, evaluated whether the methodology applied by the Company is compliant with the requirements of the relevant accounting standards and confirmed that the calculations are performed in accordance with the approved methodology, including checking mathematical accuracy of the workings.
- Tested the periods considered for capturing underlying data as base to PD and LGD calculations are in line with Company's recent experience of past observed periods.
- Tested the accuracy of the key inputs used in the calculation and independently evaluated the reasonableness of the assumptions made.
- Challenged completeness and validity of impairment allowance including the management overlays, particularly in response to COVID 19 with assistance of our financial risk modelling experts by critically evaluating the risks that have been addressed by management. We also tested management's workings supporting the overlay quantum.
- Performed test of details, on a sample basis, on underlying data relating to segmentation, management overlays, staging as at 31 March 2020, the key inputs for computation of ECL.
- Assessing the factual accuracy and appropriateness of the additional financial statements disclosures made by the Company regarding impact of COVID-19.

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

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

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

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take necessary actions as required under applicable laws and regulations.

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

• Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the financial statements made by the Management and Board of Directors.

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:

a). We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

b). In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books

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

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

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

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

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

i. The Company has disclosed the impact of pending litigations as at 31 March 2020 on its financial position in its financial statements - Refer Note 34 to the financial statements;

ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts. The Company does not have any derivative contracts. Refer note 6 and 28 to the financial statements.

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

iv. The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2020.

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

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

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

K Raghuram
Partner
Membership No. 211171
UDIN: 20211171AAAABL1046

Chennai
10 June 2020

Annexure A to the Independent Auditors' Report
To the Members of Five-Star Business Finance Limited for the year ended 31 March 2020
(referred to in our report of even date)

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
(b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this programme certain fixed assets were physically verified by the management during the year and as explained to us, no material discrepancies were noticed on such verification.
(c) According to information and explanation given to us and on the basis of our examination of the records of the Company, the tittle deeds of immovable properties are held in the name of the Company.

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

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

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

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

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

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

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, goods and services tax, cess and other material statutory dues were in arrears as at 31 March 2020 for a period of more than six months from the date they became payable, except as described in Note 34 to the financial statements.

(b). According to the information and explanations given to us, there are no dues of income-tax and goods and services tax which have not been deposited with the appropriate authorities on account of dispute except the following:
(viii). In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to its bankers, or to any financial institutions or to debenture holders. The Company did not have

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

any outstanding loans or borrowings to Government during the year

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

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

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

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

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

(xiv). According to the information and explanation given to us and on the basis of our examination of the records of the Company, the Company has complied with Section 42 of the Companies Act, 2013 in respect of preferential allotment or private placement of shares during the year and funds has been used for the purposes for which it has been raised. The Company has not issued any fully or partly convertible debentures during the year.

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

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

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

K Raghuram
Partner
Membership No. 211171
UDIN: 20211171AAAABL1046

Chennai
10 June 2020

Annexure B to the Independent Auditors' report on the financial statements of Five Star Business Finance Limited for the year ended 31 March 2020

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

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

Opinion

We have audited the internal financial controls with reference to financial statements of Five Star Business Finance Limited ("the Company") as of 31 March 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Emphasis of Matter

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

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

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial controls with Reference to Financial Statements

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

Inherent Limitations of Internal Financial controls with Reference to Financial Statements

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

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

K Raghuram
Partner
Membership No. 211171
UDIN: 20211171AAAABL1046

Chennai
10 June 2020

Balance Sheet as at March 31, 2020

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

₹ in Lakhs

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
ASSETS			
Financial Assets			
Cash and cash equivalents	4	28,977.95	21,965.73
Bank balances other than cash and cash equivalents	5	16,134.94	6.88
Loans	6	3,83,080.44	2,09,586.40
Other financial assets	7	524.57	285.89
Total		**4,28,717.90**	**2,31,844.90**
Non-financial Assets			
Current tax assets (net)	8	435.46	360.01
Deferred tax assets (net)	36	2,822.96	1,464.46
Investment property	9	3.56	3.56
Property, plant and equipment	11	1,106.09	744.41
Right of use asset	37	1,488.00	-
Other intangible assets	12	192.80	201.80
Other non-financial assets	10	548.62	363.81
Total		**6,597.49**	**3,138.05**
Total Assets		**4,35,315.39**	**2,34,982.95**
LIABILITIES AND EQUITY			
Financial Liabilities			
Payables	13		
Trade payables			
total outstanding dues of micro and small enterprises		-	-
total outstanding dues of creditors other than micro and small enterprises		662.40	292.69
Debt securities	14	1,07,886.42	43,350.77
Borrowings (other than debt securities)	15	1,28,482.89	52,652.18
Other financial liabilities	16	1,568.10	6.88
Total		**2,38,599.81**	**96,302.52**
Non-financial Liabilities			
Current tax liabilities (net)	17	74.80	162.17
Provisions	18	577.61	376.26
Other non-financial liabilities	19	1,605.12	1,629.19
Total		**2,257.53**	**2,167.62**

Equity			
Equity share capital	20	2,558.21	2,389.96
Other equity	21	1,91,899.84	1,34,122.85
Total		**1,94,458.05**	**1,36,512.81**
Total Liabilities and Equity		**4,35,315.39**	**2,34,982.95**

Significant Accounting Policies 2 and 3

See accompanying notes to the financial statements

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

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

K Raghuram
Partner
Membership No: 211171

D Lakshmipathy
Chairman & Managing Director
DIN No : 01723269

R Anand
Director
DIN No : 00243485

G Srikanth
Chief Financial Officer

K Rangarajan
Chief Executive Officer

B Shalini
Company Secretary
ACS: A51334

Place : Chennai
Date : June 10, 2020

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

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

₹ in Lakhs

Particulars	Note No.	Year ended March 31, 2020	Year ended March 31, 2019
Revenue from operations			
Interest income	22	74,682.42	38,973.81
Fee income	23	2,970.84	1,327.05
Net gain on fair value changes	24	1,018.22	589.94
Total revenue from operations		**78,671.48**	**40,890.80**
Other income	25	63.25	1.86
Total Income		**78,734.73**	**40,892.66**
Expenses			
Finance Costs	26	21,693.51	7,592.20
Fees expenses	27	42.52	94.77
Impairment / write off on financial instruments	28	4,934.19	755.18
Employee benefits expenses	29	12,710.78	7,653.44
Depreciation and amortization	30	1,006.85	419.46
Other expenses	31	3,416.83	2,533.27
Total Expenses		**43,804.68**	**19,048.32**
Profit Before Tax		**34,930.05**	**21,844.34**
Tax expense			
Current Tax	32 A	10,056.07	6,977.77
Deferred tax (net)	36	(1,321.06)	(799.16)
Total		**8,735.01**	**6,178.61**
Profit for the year		**26,195.04**	**15,665.73**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Re-measurements of the defined benefit plan		(148.80)	(53.55)
Income tax relating to items that will not be reclassified to profit or loss		37.45	15.49
Net other comprehensive income not to be reclassified subsequently to profit or loss		**(111.35)**	**(38.06)**
Other comprehensive income / (deficit) for the year, net of income tax		**(111.35)**	**(38.06)**
Total comprehensive income		**26,083.69**	**15,627.67**

Earnings per equity share of Rs.10/- each		
- Basic (In Rupees)	103.24	68.92
- Diluted (In Rupees)	100.70	67.39

Significant Accounting Policies 2 and 3

See accompanying notes to the financial statements

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

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

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DIN No : 00243485

G Srikanth
Chief Financial Officer

K Rangarajan
Chief Executive Officer

B Shalini
Company Secretary
ACS: A51334

Place : Chennai
Date : June 10, 2020

Statement of Changes in Equity for the year ended March 31, 2020

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

₹ in Lakhs

Particulars	Number of shares	Amount
A. Equity share capital		
Balance as at April 1, 2018	**1,91,68,854**	**1,916.89**
Change in equity share capital during the year		
Add: Issued during the year	47,30,728	473.07
Balance as at March 31, 2019	**2,38,99,582**	**2,389.96**
Balance as at April 1, 2019	**2,38,99,582**	**2,389.96**
Change in equity share capital during the year		
Add: Issued during the year	32,28,309	168.25
Balance as at March 31, 2020	**2,71,27,891**	**2,558.21**

B. Other Equity

	Reserves and surplus					Other comprehensive income	
	Statutory reserve	Securities premium	Employee stock option reserve	General reserve	Retained earnings	Re-measurements of defined benefit plan	
As at April 1, 2018	**2,489.60**	**46,256.73**	**327.52**	**719.60**	**7,481.78**	**-**	**57,275.23**
Premium received on shares issued during the year	-	61,558.73	-	-	-	-	**61,558.73**
Utilised during the year for share issue expenses	-	(501.53)	-	-	-	-	**(501.53)**
Total comprehensive income for the year	-	-	-	-	15,665.73	(38.06)	**15,627.67**
Transfer to statutory reserve	3,133.21	-	-	-	(3,133.21)	-	**-**
Transfer to retained earnings	-	-	-	-	(38.06)	38.06	**-**
Share based payment expense	-	-	267.83	-	-	-	**267.83**
Utilised on issue	-	-	(105.08)	-	-	-	**(105.08)**
As at March 31, 2019	**5,622.81**	**1,07,313.93**	**490.27**	**719.60**	**19,976.24**	**-**	**1,34,122.85**
As at April 1, 2019	**5,622.81**	**1,07,313.93**	**490.27**	**719.60**	**19,976.24**	**-**	1,34,122.8
Premium received on shares issued during the year	-	31,755.27	-	-	-	-	**31,755.27**
Total comprehensive income for the year	-	-	-	-	26,195.04	(111.35)	**(26,083.69)**
Transfer to statutory reserve	5,239.01	-	-	-	(5,239.01)	-	**-**
Transfer to retained earnings	-	-	-	-	(111.35)	111.35	**-**
Share based payment expense	-	-	168.03	-	-	-	**168.03**
Utilised on issue	-	-	(230.00)	-	-	-	**(230.00)**
As at March 31, 2020	**10,861.82**	**1,39,069.20**	**428.30**	**719.60**	**40,820.92**	**-**	**1,91,899.84**

See accompanying notes to the financial statements

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

K Raghuram
Partner
Membership No: 211171

Place : Chennai
Date : June 10, 2020

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

D Lakshmipathy
Chairman & Managing Director
DIN No : 01723269

R Anand
Director
DIN No : 00243485

G Srikanth
Chief Financial Officer

K Rangarajan
Chief Executive Officer

B Shalini
Company Secretary
ACS: A51334

Cash Flow Statement for the Year ended March 31, 2020

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

₹ in Lakhs

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
A. Cash Flow from Operating Activities		
Net Profit Before Tax	**34,930.05**	**21,844.34**
Adjustments for:		
Depreciation and amortization	1,006.85	419.46
Provision for impairment on financial instruments and write-offs	4,934.19	755.18
Loss on sale/retirement of property, plant and equipment (net)	0.75	0.93
Profit on sale of current investments (net)	(1,018.22)	(589.94)
Interest income on deposits with banks / others	(2,886.62)	(1,352.38)
Interest on loans	(71,795.80)	(37,621.43)
Finance costs	21,693.51	7,592.73
Gain recognised on derecognition of leases	(6.60)	-
Employee stock option expenses	168.03	267.83
Operating cash flow before working capital changes	**(12,973.86)**	**(8,683.28)**
Changes in Working Capital:		
Adjustments for (increase) / decrease in operating assets:		
Loans	(1,76,889.78)	(1,09,063.49)
Other non- financial assets	(182.64)	(93.94)
Other financial assets	(238.68)	(82.16)
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables	369.71	66.37
Other financial liabilities	5.89	(1.09)
Provision	52.56	148.15
Other non financial liabilities	33.68	1,156.54
Net cash (used in) operations	**(1,89,823.12)**	**(1,16,552.90)**
Finance cost paid	(22,543.27)	(7,715.55)
Interest income received	70,257.31	35,966.16
Direct taxes paid (net)	(10,218.89)	(6,810.55)
Net Cash Used in Operating Activities (A)	**(1,52,327.97)**	**(95,112.84)**
B. Cash Flow from Investing Activities		
Purchase of fixed assets	(970.97)	(585.13)
Proceeds from sale of fixed assets	0.78	15.30
Profit on sale of current investments	1,018.22	589.94
Interest income on deposits with banks / others	2,662.85	1,400.32
Movement in bank balances other than cash and cash equivalent	(15,904.28)	1.09
Net Cash used in Investing Activities (B)	**(13,193.40)**	**1,421.52**
C. Cash Flow from Financing Activities		
Proceeds from issue of equity shares	168.25	473.07
Proceeds from securities premium (net off utilisation)	31,525.28	61,453.65
Expenses towards issue of shares	-	(501.53)
Fresh borrowings during the year	1,78,166.33	63,640.00
Repayments of borrowings (including process fee)	(36,950.21)	(22,546.08)
Payment towards leases (excluding interest)	(376.06)	-
Net Cash inflow from Financing Activities (C)	**1,72,533.59**	**1,02,519.11**

₹ in Lakhs

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Net Increase in Cash and Cash Equivalents (A) + (B) + (C)	**7,012.22**	**8,827.79**
Cash and Cash Equivalents at the beginning of the Year	**21,965.73**	**13,137.94**
Cash and Cash Equivalents at the end of the year	**28,977.95**	**21,965.73**
Notes to cash flow statement		
1. Cash and cash equivalents		
Cash on hand	57.75	345.07
Balances with banks		
(i) In current accounts	13,050.95	20,596.29
(ii) In other deposit accounts (original maturity less than 3 months)	15,869.25	1,024.37
Total	**28,977.95**	**21,965.73**

2. Change in liabilities arising from financing activities

Particulars	Debt Securities	Borrowings (other than debt securities)
As at March 31, 2018	**19,316.32**	**35,283.42**
Cash flows (net)	24,127.10	17,471.69
Others*	(92.65)	(102.93)
As at March 31, 2019	**43,350.77**	**52,652.18**
Cash flows (net)	65,534.66	76,519.77
Others*	(999.01)	(689.06)
As at March 31, 2020	**1,07,886.42**	**1,28,482.89**

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

Significant Accounting Policies 2 and 3

See accompanying notes to the financial statements

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

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

K Raghuram
Partner
Membership No: 211171

D Lakshmipathy
Chairman & Managing Director
DIN No : 01723269

R Anand
Director
DIN No : 00243485

G Srikanth
Chief Financial Officer

K Rangarajan
Chief Executive Officer

B Shalini
Company Secretary
ACS: A51334

Place : Chennai
Date : June 10, 2020

1. Reporting entity

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

2. Basis of preparation

2.1. Statement of compliance

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

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

These financial statements were authorised for issue by the Company's Board of Directors on June 10, 2020.

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

2.2. Presentation of financial statements

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

The Company presents its balance sheet in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date(current) and more than 12 months after the reporting date(Non-current) is presented separately. Financial assets and financial liabilities are generally reported gross in the balance sheet. They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event, the parties also intend to settle on a net basis.

2.3. Functional and presentation currency

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

2.4. Basis of measurement

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

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

2.5. Use of estimates and judgements

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

Estimation of uncertainties relating to the global health pandemic from novel coronavirus 2019 (""COVID 19""):
The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of loans. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company has exercised judgement, as at the date of approval of these financial statements based on internal and external sources of information including economic forecasts. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these financial statements.

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

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

ii). Fair value of financial instruments
The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values.

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

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

iv). Impairment of financial asset

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

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

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

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

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

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

v). Provisions and other contingent liabilities

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

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

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

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

vi). Leases

The estimates and judgements related to leases include:

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

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

vii). Other assumptions and estimation uncertainities

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

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

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

(iii). Recognition of deferred taxes.

3. Significant accounting policies

3.1. Revenue Recognition

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

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

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.
Step 5: Recognise revenue when (or as) the Company satisfies a performance obligation.

A. Effective Interest Rate ('EIR') Method

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

The EIR (and therefore, the amortised cost of the asset) is calculated by taking into account any fees and costs that are an integral part of the EIR. The Company recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the financial instrument.

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

The Company calculates interest income by applying EIR to the gross carrying amount of financial assets.

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

B. Dividend income

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

C. Other interest income

Other interest income is recognised on a time proportionate basis.

D. Fee income

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

E. Others

Penal interest and other operating income are recognized as income upon certainty of receipt.

Profit / loss on sale of investments is recognised at the time of sale or redemption and is computed based on First in First out method.

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

3.2. Financial instrument - initial recognition

A. Date of recognition

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

B. Initial measurement of financial instruments

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

C. Measurement categories of financial assets and liabilities

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

(i). Amortised cost

(ii). FVOCI

(iii). FVTPL

3.3. Financial assets and liabilities

A. Financial assets

Business model assessment

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

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

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

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

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

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

SPPI test

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

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

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

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

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

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

ii). Financial assets at fair value through profit or loss (FVTPL)
A financial asset which is not classified in any of the above categories are measured at FVTPL.

3.3. Financial assets and liabilities

B. Financial liabilities

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

ii). Subsequent measurement
Financial liabilities are carried at amortized cost using the effective interest method.

3.4. Reclassification of financial assets and liabilities
The Company does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified. The Company did not reclassify any of its significant financial assets or liabilities in the year ended March 31, 2020 and March 31, 2019.

3.5. Derecognition of financial assets and liabilities

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

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

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

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

ii). Financial Liability
A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in the statement of profit and loss.

3.6. Impairment of financial assets

A. Overview of ECL principles

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

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

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

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

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

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

Stage 1:

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

Stage 2:

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

Stage 3:

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

B. Calculation of ECLs

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

PD:

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

EAD:

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

LGD:

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

The mechanics of the ECL method are summarised below:

Stage 1:

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

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

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

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

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

3.8. Determination of fair value
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company has taken into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

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

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

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

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

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

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

3.10. Property, plant and equipment

i. Recognition and measurement

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

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

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

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

ii. Subsequent expenditure

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

iii. Depreciation

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

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

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

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

3.11. Intangible assets

i. Intangible assets

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

ii. Subsequent expenditure

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

iii. Amortisation

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

Asset category	Estimated Useful life
Computer softwares	5 years

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

Impairment of non-financial assets

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

3.12. Employee benefits

i. Post-employment benefits

Defined contribution plan

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

Defined benefit plans

Gratuity

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

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

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

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

ii. Other long-term employee benefits

Compensated absences

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

iii. Short-term employee benefits

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

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

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

iv. Stock based compensation

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

3.13. Provisions, contingent liabilities and contingent assets

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. When the effect of the time value of money is material, the Company determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

Contingent liability

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

Contingent asset

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non- occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are neither recognised not disclosed in the financial statements.

3.14. Leases

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

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less.

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

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term.The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable and amounts expected to be paid under residual value guarantees.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

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

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

3.15. Income tax

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

i. Current tax

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

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

ii. Deferred tax

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

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

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

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

3.16. Borrowing cost

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

3.17. Cash and cash equivalents

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

3.18. Segment reporting- Identification of segments:

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

3.19. Earnings per share

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

3.20. Cash flow statement

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

3.21. Standard Issued But Not Yet Effective

There are neither new standards nor amendments to existing standards which are effective for the annual period beginning from April 1, 2020.

₹ in Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
4. Cash and cash equivalents		
Cash on hand	57.75	345.07
Balances with banks		
(i) In current accounts	13,050.95	20,596.29
(ii) In other deposit accounts		
(original maturity less than 3 months)	15,869.25	1,024.37
Total	**28,977.95**	**21,965.73**
5. Bank Balances other than cash and cash equivalents		
Fixed deposit with bank	16,129.41	-
In earmarked accounts		
Unclaimed Dividend account	5.53	6.88
Total	**16,134.94**	**6.88**

Note:
Fixed deposits amounting to INR 2,405.63 lakhs (March 31,2019: Nil) have been provided as credit enhancememt for securitisation transactions.

Particulars	As at March 31, 2020	As at March 31, 2019
6. Loans (At amotised cost)		
A. Based on nature		
Term Loans		
Gross term loans	**3,89,222.85**	**2,11,280.67**
Less: Impairment loss allowance	6,142.41	1,694.27
Net term loans	**3,83,080.44**	**2,09,586.40**
B. Based on security		
Secured by tangible assets	3,89,222.85	2,11,280.67
Unsecured	-	-
Gross term loans	**3,89,222.85**	**2,11,280.67**
Less: Impairment loss allowance	6,142.41	1,694.27
Net term loans	**3,83,080.44**	**2,09,586.40**
C. Based on region		
Loans in India		
Public sector	-	-
Others	3,89,222.85	2,11,280.67
Less: Impairment loss allowance	6,142.41	1,694.27
Total	**3,83,080.44**	**2,09,586.40**
Loans outside India		
Less: Impairment loss allowance	-	-
Total	**3,83,080.44**	**2,09,586.40**

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

₹ in Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
7. Other financial assets		
Unsecured, considered good		
Security deposits	363.22	254.28
Other receivables	161.35	31.61
Total	**524.57**	**285.89**
8. Current tax assets (net)		
Advance income tax, net of provision	435.46	360.01
Total	**435.46**	**360.01**
9. Investment Property		
Cost or deemed cost (Gross carrying amount)		
Balance at the beginning of the year	3.56	3.56
Acquisitions	-	-
Transfer from property, plant and equipment	-	-
Balance at the end of the year	**3.56**	**3.56**
Accumulated depreciation		
Balance at the beginning of the year	-	-
Depreciation for the year	-	-
Balance at the end of the year	**-**	**-**
Net carrying amounts	**3.56**	**3.56**
Fair value	**6.86**	**6.53**
10. Other non-financial assets		
Capital advances	72.76	24.49
Prepaid expenses	404.87	306.19
Balance with government authorities	70.99	33.13
Total	**548.62**	**363.81**

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

₹ in Lakhs

Particulars	Furniture and fittings	Computers and accessories	Office equipments	Vehicles	Leasehold improvements	Total (A)	Capital work-in- progress (B)	Total (A+B)
Cost or deemed cost (gross carrying amount)								
Balance at April 1, 2018	**202.03**	**175.73**	**51.96**	**39.26**	**197.66**	**666.65**	**14.13**	**680.78**
Additions / Transfer-in	184.76	224.34	54.46	-	200.99	664.55	-	664.55
Disposals / Transfer-out	(2.59)	(6.81)	(0.48)	-	-	(9.89)	(14.13)	(24.02)
As at March 31, 2019	**384.20**	**393.26**	**105.94**	**39.26**	**398.65**	**1,321.31**	**-**	**1,321.31**
Additions / Transfer-in	225.42	478.46	152.77	-	6.30	862.95	-	865.95
Disposals / Transfer-out	(4.20)	-	(0.16)	-	-	(4.36)	-	(4.36)
As at March 31, 2020	**605.42**	**871.72**	**258.55**	**39.26**	**404.95**	**2179.90**	**-**	**2179.90**
Accumulated depreciation								
As at March 31, 2018	**39.92**	**67.64**	**18.67**	**12.23**	**77.44**	**215.89**	**-**	**215.89**
Depreciation for the year	70.76	150.70	28.94	8.40	110.08	368.87	-	368.87
On disposals	(1.46)	(6.18)	(0.24)	-	-	(7.87)	-	(7.87)
As at March 31, 2019	**109.22**	**212.16**	**47.37**	**20.63**	**187.52**	**576.90**	**-**	**576.90**
Depreciation for the year	100.42	250.33	54.75	5.78	88.46	499.74	-	499.74
On disposals	(2.81)	-	(0.02)	-	-	(2.83)	-	(2.83)
As at March 31, 2020	**206.83**	**462.49**	**102.10**	**26.41**	**275.98**	**1073.81**	**-**	**1073.81**
Carrying amount (net)								
As at March 31, 2019	274.98	181.10	58.57	18.63	211.13	744.41	-	744.41
As at March 31, 2020	398.59	409.23	156.45	12.85	128.97	1106.09	-	1106.09

12. Intangible assets and intangibles under development

₹ in Lakhs

Particulars	Softwares	Total (A)	Intangibles under development (B)	Total (A) + (B)
Cost or deemed cost (gross carrying amount)				
As at March 31, 2018	**224.63**	**224.63**	**-**	**224.63**
Additions / Transfer-in	71.39	71.39	-	71.39
Disposals / Transfer-out	(0.10)	(0.10)	-	(0.10)
As at March 31, 2019	**295.92**	**295.92**	**-**	**295.92**
Additions / Transfer-in	59.75	59.75	-	59.75
Disposals / Transfer-out	-	-	-	-
As at March 31, 2020	**355.67**	**355.67**	**-**	**355.67**
Accumulated amortisation				
As at March 31, 2018	**43.54**	**43.54**	**-**	**43.54**
Amortisation for the year	50.59	50.59	-	50.59
On disposals	(0.01)	(0.01)	-	(0.01)
As at March 31, 2019	**94.12**	**94.12**	**-**	**94.12**
Amortisation for the year	68.75	68.75	-	68.75
On disposals	-	-	-	-
As at March 31, 2020	**162.87**	**162.87**	**-**	**162.87**
Carrying amount (net)				
As at March 31, 2019	201.80	201.80	-	201.80
As at March 31, 2020	**192.80**	**192.80**	**-**	**192.80**

₹ in Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
13. Payables		
13.1. Trade payables		
total outstanding dues of micro and small enterprises	-	-
total outstanding dues of creditors other than micro and small enterprises	662.40	292.69
Total	**662.40**	**292.69**
To Related Parties	-	-
Others	662.40	292.69
Total	**662.40**	**292.69**
14.1. Debt securities (refer note 15.1)		
At amortised cost		
Secured debentures		
750, (March 31,2019 - 1,350) 11.45% redeemable, non-convertible debentures of INR 1 lakh each	753.99	1,357.20
1,250, (March 31, 2019 - 2,250) 11.45% redeemable, non-convertible debentures of INR 1 lakh each	1,259.79	2,267.65
300, (March 31, 2019 - 300) 13.60% redeemable, non-convertible debentures of INR 10 lakh each	894.41	1,788.38
2,000 (March 31, 2019 - 2000), 10.21% redeemable, non-convertible debentures of INR 10 lakh each	20,022.51	20,022.56
300, (March 31, 2019 - 300) 11.50% redeemable, non-convertible debentures of INR 10 lakh each	2,338.01	3,089.66
240, (March 31, 2019 - 240) 11.25% redeemable, non-convertible debentures of INR 10 lakh each	2,422.00	2,423.67
450, (March 31,2019 - 450) 11.50% redeemable, non-convertible debentures of INR 10 lakh each	3,507.02	4,634.48
Nil, (March 31, 2019 - 250) 11.00 % redeemable, non-convertible debentures of INR 10 lakh each	0.56	2,501.51
5000, (March 31, 2019 - 500) 12.64% redeemable, non-convertible debentures of INR 10 lakh each	50,051.80	5,005.19
1000, (March 31, 2019 - 50) 12.64% redeemable, non-convertible debentures of INR 10 lakh each	10,010.36	500.52
30,000,000 (March 31, 2019 - Nil) 11.40% redeemable, non-convertible debentures of INR 10 each	3,001.08	-
200, (March 31, 2019 - Nil) 12.28% redeemable, non-convertible debentures of INR 10 lakh each	2,222.32	-
1250, (March 31, 2019 - Nil) 11.88% redeemable, non-convertible debentures of INR 10 lakh each	12,641.63	-
420, (March 31, 2019 - 420) 12.50% redeemable, non-convertible debentures of INR 100 each	0.60	0.60
3,300, (March 31, 2019 - 3,300) 12.50% redeemable, non-convertible debentures of INR 100 each	4.75	4.75
450, (March 31, 2019 - 450) 12.50% redeemable, non-convertible debentures of INR 100 each	0.65	0.65
180, (March 31, 2019 - 180) 12.50% redeemable, non-convertible debentures of INR 100 each	0.26	0.26
100, (March 31, 2019 - 100) 12.50% redeemable, non-convertible debentures of INR 100 each	0.14	0.14
Total	**1,09,131.88**	**43,597.22**

₹ in Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Less: Unamortised processing fee	(1,245.46)	(246.45)
	1,07,886.42	**43,350.77**
Debts securities in India	1,07,886.42	43,350.77
Debts securities outside India	-	-
	1,07,886.42	**43,350.77**

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

At amortised cost

Term loans (secured)		
From banks	77,589.54	37,990.73
From other parties	51,813.55	13,957.45
Loans from related parties (unsecured)	-	65.65
Loans from others (unsecured)	-	6.42
Loans repayable on demand (secured)		
From banks	-	863.07
Total	**1,29,403.09**	**52,883.32**
Less: Unamortised processing fee	(920.20)	(231.14)
Total	**1,28,482.89**	**52,652.18**
Borrowings in India	1,28,482.89	52,652.18
Borrowings outside India	-	-
Total	**1,28,482.89**	**52,652.18**

Loans repayable on demand includes on cash credit and working capital demand loans from banks which are secured by specific charge on identified receivables. As at March 31, 2020, the rate of interest across the cash credit and working capital demand loans was in the range of 10.20% p.a to 12.00% p.a (March 31, 2019 - 9.50% p.a to 12.00% p.a)

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

Term loans from other parties include borrowings from securitisation arrangements to the extent of INR 34,088.32 (March 31, 2019 - NIL)

16. Other financial liabilities

Unpaid dividends	5.53	6.88
Lease liability	1,555.33	-
Others	7.24	-
Total	**1,568.10**	**6.88**

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

₹ in Lakhs

Particulars	Repayment terms	Tenor	Earliest installment date	As at March 31, 2020	As at March 31, 2019
750, (March 31,2019 - 1,350) 11.45% redeemable, non-convertible debentures of INR 1 lakh each	Principal payment frequency: Repayable in 9 Quarterly installments Coupon payment frequency: Monthly	48 months	April 15, 2019	753.99	1,357.20
1,250, (March 31, 2019 - 2,250) 11.45% redeemable, non-convertible debentures of INR 1 lakh each	Principal payment frequency: Repayable in 9 Quarterly installments Coupon payment frequency: Monthly	48 months	March 7, 2019	1,259.79	2,267.65
300, (March 31, 2019 - 300) 13.60% redeemable, non-convertible debentures of INR 10 lakh each	Principal payment frequency: Repayable in 7 Halfyearly installments Coupon payment frequency: Halfyearly	60 months	December 6, 2017	894.41	1,788.38
2,000 (March 31, 2019 - 2000), 10.21% redeemable, non-convertible debentures of INR 10 lakh each	Principal payment frequency: Repayable in 4 Quarterly installments Coupon payment frequency: Quarterly	60 months	June 28, 2022	20,022.51	20,022.58
300, (March 31, 2019 - 300) 11.50% redeemable, non-convertible debentures of INR 10 lakh each	Principal payment frequency: Repayable in 4 Quarterly installments Coupon payment frequency: Halfyearly	48 months	March 30, 2020	2,338.01	3,089.66
240, (March 31, 2019 - 240) 11.25% redeemable, non-convertible debentures of INR 10 lakh each	Principal payment frequency: Entire principal repayble at maturity Coupon payment frequency: Halfyearly	48 months	February 28, 2021	2,422.00	2,423.67
450, (March 31,2019 - 450) 11.50% redeemable, non-convertible debentures of INR 10 lakh each	Principal payment frequency: Repayable in 4 Quarterly installments Coupon payment frequency: Halfyearly	48 months	March 30, 2020	3,507.02	4,634.48
Nil, (March 31, 2019 - 250) 11.00 % redeemable, non-convertible debentures of INR 10 lakh each	Principal payment frequency: Entire principal repayble at maturity Coupon payment frequency: Quarterly	72 months	March 30, 2020	0.56	2,501.51
5000, (March 31, 2019 - 500) 12.64% redeemable, non-convertible debentures of INR 10 lakh each	Principal payment frequency: Repayable in 12 Monthly installments Coupon payment frequency: Quarterly	36 months	April 29, 2021	50,051.80	5,005.19
1000, (March 31, 2019 - 50) 12.64% redeemable, non-convertible debentures of INR 10 lakh each	Principal payment frequency: Repayable in 12 Monthly installments Coupon payment frequency: Quarterly	36 months	April 29, 2021	10,010.36	500.52
30,000,000 (March 31, 2019 - 0) 11.40% redeemable, non-convertible debentures of INR 10 each	Principal payment frequency: Entire principal repayble at maturity Coupon payment frequency: Monthly	60 months	April 11, 2024	3,001.08	-
200, (March 31, 2019 - Nil) 12.28% redeemable, non-convertible debentures of INR 10 lakh each	Principal payment frequency: Entire principal repayble at maturity Coupon payment frequency: Entire interest repayble at maturity	38 months	July 3, 2022	2,222.32	-
1250, (March 31, 2019 - Nil) 11.88% redeemable, non-convertible debentures of INR 10 lakh each	Principal payment frequency: Entire principal repayble at maturity Coupon payment frequency: Halfyearly	72 months	August 28, 2025	12,641.63	-

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

₹ in Lakhs

Particulars	Repayment terms	Tenor	Earliest installment date	As at March 31, 2020	As at March 31, 2019
420, (March 31, 2019 - 420) 12.50% redeemable, non-convertible debentures of INR 100 each	Principal payment frequency: Entire principal repayble at maturity Coupon payment frequency: Entire interest repayble at maturity	36 months	November 19, 2014	0.60	0.60
3,300, (March 31, 2019 - 3,300) 12.50% redeemable, non-convertible debentures of INR 100 each	Principal payment frequency: Entire principal repayble at maturity Coupon payment frequency: Entire interest repayble at maturity	36 months	April 14, 2015	4.75	4.75
450, (March 31, 2019 - 450) 12.50% redeemable, non-convertible debentures of INR 100 each	Principal payment frequency: Entire principal repayble at maturity Coupon payment frequency: Entire interest repayble at maturity	36 months	May 24, 2015	0.65	0.65
180, (March 31, 2019 - 180) 12.50% redeemable, non-convertible debentures of INR 100 each	Principal payment frequency: Entire principal repayble at maturity Coupon payment frequency: Entire interest repayble at maturity	12 months	August 2, 2013	0.26	0.26
100, (March 31, 2019 - 100) 12.50% redeemable, non-convertible debentures of INR 100 each	Principal payment frequency: Entire principal repayble at maturity Coupon payment frequency: Entire interest repayble at maturity	36 months	December 12, 2015	0.14	0.14
Total				**1,09,131.88**	**43,597.22**

All debentures are secured by pari passu charge on immoveable property and exclusive first charge on book debts with a security cover ranging from 1 to 1.10 times of the outstanding amount at any point of time.

₹ in Lakhs

Particulars	Repayment terms	Tenor	Earliest installment date	As at March 31, 2020	As at March 31, 2019
Term loans from banks					
Term Loan 1	Repayable in 48 Monthly installments	48 months	April 15, 2017	506.23	1,005.00
Term Loan 2	Repayable in 60 Monthly installments	60 months	March 3, 2019	3,003.52	3,770.09
Term Loan 3	Repayable in 36 Monthly installments	36 months	May 1, 2019	2,103.68	3,002.84
Term Loan 4	Repayable in 20 Quarterly installments	60 months	June 30, 2019	4,001.17	5,001.54
Term Loan 5	Repayable in 36 Monthly installments	36 months	February 5, 2019	1,555.17	2,379.69
Term Loan 6	Repayable in 36 Monthly installments	36 months	April 5, 2018	556.95	1,057.67
Term Loan 7	Repayable in 36 Monthly installments	36 months	May 5, 2018	398.66	729.42
Term Loan 8	Repayable in 48 Monthly installments	48 months	April 23, 2018	250.00	500.00
Term Loan 9	Repayable in 48 Monthly installments	48 months	April 23, 2018	492.75	739.13
Term Loan 10	Repayable in 60 Monthly installments	60 months	December 5, 2015	8.63	20.47
Term Loan 11	Repayable in 36 Monthly installments	36 months	May 7, 2017	35.12	402.71
Term Loan 12	Repayable in 56 Monthly installments	60 months	July 28, 2016	118.21	238.58
Term Loan 13	Repayable in 12 Quarterly installments	36 months	May 28, 2018	672.14	1,344.94
Term Loan 14	Repayable in 11 Quarterly installments	36 months	December 13, 2016	-	136.40
Term Loan 15	Repayable in 34 Monthly installments	36 months	September 30, 2017	264.78	1,323.53
Term Loan 16	Repayable in 34 Monthly installments	36 months	May 21, 2018	647.23	1,353.33
Term Loan 17	Repayable in 40 Monthly installments	42 months	September 30, 2018	2,625.73	4,126.15
Term Loan 18	Repayable in 34 Monthly installments	36 months	May 18, 2019	3,383.30	5,001.41
Term Loan 19	Repayable in 12 Quarterly installments	39 months	August 9, 2017	42.04	210.39
Term Loan 20	Repayable in 60 Monthly installments	60 months	May 2, 2016	122.40	239.40
Term Loan 21	Repayable in 9 Halfyearly installments	60 months	March 28, 2018	222.22	333.33
Term Loan 22	Repayable in 58 Monthly installments	60 months	April 30, 2017	1,483.50	2,381.50
Term Loan 23	Repayable in 36 Monthly installments	36 months	May 5, 2018	911.45	1,752.04
Term Loan 24	Repayable in 60 Monthly installments	60 months	January 30, 2020	2,876.76	-
Term Loan 25	Repayable in 36 monthly installments	24 months	May 1, 2020	4,024.74	-
Term Loan 26	Repayable in 36 monthly installments	36 months	May 31, 2019	3,125.00	-
Term Loan 27	Repayable in 36 monthly installments	36 months	June 30, 2019	2,187.66	-
Term Loan 28	Repayable in 57 monthly installments	60 months	September 30, 2019	877.46	-
Term Loan 29	Repayable in 48 monthly installments	48 months	July 29, 2019	1,218.75	-
Term Loan 30	Repayable in 33 monthly installments	36 months	December 30, 2019	2,197.58	-
Term Loan 31	Repayable in 36 monthly installments	36 months	September 25, 2019	1,627.41	-
Term Loan 32	Repayable in 60 monthly installments	62 months	January 30, 2020	19,506.73	-

₹ in Lakhs

Particulars	Repayment terms	Tenor	Earliest installment date	As at March 31, 2020	As at March 31, 2019
Term Loan 33	Repayable in 60 monthly installments	60 months	April 30, 2020	4,000.00	-
Term Loan 34	Repayable in 57 monthly installments	60 months	June 25, 2020	3,751.00	-
Term Loan 35	Repayable in 57 monthly installments	60 months	June 25, 2020	757.53	-
Term Loan 36	Repayable in 57 monthly installments	60 months	June 25, 2020	501.51	-
Term Loan 37	Repayable in 36 monthly installments	36 months	February 5, 2020	2,834.11	-
Term Loan 38	Repayable in 36 monthly installments	36 months	March 5, 2020	2,041.67	-
Term Loan 39	Repayable in 12 monthly installments	37 months	May 26, 2020	1,917.27	-
Term Loan 40	Repayable in 60 monthly installments	60 months	December 5, 2018	739.48	940.79
Total				**77,589.54**	**37,990.73**

All the above loans are secured by an exclusive first charge on book debts with a security cover ranging from 1.05 to 1.25 times of the outstanding loan amount at any point of time.

As at March 31, 2020, the rate of interest across terms loans from banks was in the range of 9.26% p.a to 11.65% p.a (March 31, 2019 - 9.36% p.a to 11.50% p.a)

₹ in Lakhs

Particulars	Repayment terms	Tenor	Earliest installment date	As at March 31, 2020	As at March 31, 2019
Term loans from others					
Term loans from others - 1	Repayable in 10 Quarterly installments	36 months	November 30, 2018	800.20	1,600.41
Term loans from others - 2	Repayable in 48 Monthly installments	48 months	February 11, 2019	1,771.29	2,396.48
Term loans from others - 3	Repayable in 60 Monthly installments	60 months	May 1, 2019	864.35	1,000.00
Term loans from others - 4	Repayable in 48 Monthly installments	48 months	January 29, 2019	1,471.44	1,901.63
Term loans from others - 5	Repayable in 16 Quarterly installments	48 months	April 28, 2017	324.41	649.45
Term loans from others - 6	Repayable in 20 Quarterly installments	63 months	September 1, 2019	1,149.16	1,840.82
Term loans from others - 7	Repayable in 60 Monthly installments	60 months	November 22, 2015	64.92	183.70
Term loans from others - 8	Repayable in 60 Monthly installments	60 months	April 22, 2017	702.22	998.37
Term loans from others - 9	Repayable in 36 Monthly installments	36 months	March 20, 2019	650.12	487.69
Term loans from others - 10	Repayable in 60 Monthly installments	60 months	April 27, 2019	421.71	500.29
Term loans from others - 11	Repayable in 20 Quarterly installments	60 months	February 29, 2020	1,425.40	-
Term loans from others - 12	Repayable in 36 Monthly installments	36 months	January 22, 2020	928.43	-
Term loans from others - 13	Repayable in 36 Monthly installments	36 months	February 22, 2020	2,857.97	-
Term loans from others - 14	Repayable in 3 Annual installments	36 months	February 1, 2020	2,500.00	-
Term loans from others - 15	Repayable in 48 Monthly installments	48 months	March 5, 2020	769.32	-
Term loans from others - 16	Repayable in 30 Monthly installments	30 months	April 30, 2019	310.00	1,400.00
Term loans from others - 17	Repayable in 48 Monthly installments	48 months	June 30, 2018	714.28	1,000.00
Term loans from others - 18*	Repayable in 33 installments	35 months	August 16, 2019	6,439.89	-
Term loans from others - 19*	Repayable in 59 installments	59 months	September 17, 2019	8,132.78	-
Term loans from others - 20*	Repayable in 64 installments	65 months	February 17, 2020	12,780.24	-
Term loans from others - 21*	Repayable in 40 installments	40 months	March 21, 2020	6,735.41	-
Total				**51,813.55**	**13,958.84**

All the above loans (other than borrowings from securitisation arrangements) are secured by an exclusive first charge on book debts with a security cover ranging from 1.10 to 1.20 times of the outstanding loan amount at any point of time.

*Refer note no. 47-AA, 47-AB for security and credit enhancement details pertaining to borrowings from securitisation arrangements.

As at March 31, 2020, the rate of interest across terms loans from others was in the range of 9.75% p.a to 13.25% p.a (March 31, 2019 - 9.75% p.a to 11.95% p.a)

₹ in Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
17. Current tax liabilities (net)		
Provision for tax (net)	74.80	162.17
Total	**74.80**	**162.17**
18. Provisions		
Provision for employee benefits		
Provision for gratuity	247.10	255.65
Provision for compensated absences	330.51	120.61
Total	**577.61**	**376.26**
19. Other non-financial liabilities		
Statutory dues payable	530.54	314.93
Employee related payables	1,074.58	1,256.51
Rent straightlining	-	57.75
Total	**1,605.12**	**1,629.19**
20. Equity share capital		
Authorised		
55,000,000 shares (March 31, 2019 - 30,000,000) of INR 10 each	5,500.00	3,000.00
Issued, subscribed and fully paid up		
25,410,294 shares (March 31, 2019 - 23,899,582) of INR 10 each fully paid up	2,541.03	2,389.96
1,717,597 shares (March 31, 2019 - Nil) of INR 10 each (partly paid up - INR 1 each paid up)	17.18	-

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

	As at March 31, 2020		As at March 31, 2019	
	Number of shares	Amount in Lakhs of INR	Number of shares	Amount in Lakhs of INR
As at beginning of the year	2,38,99,582	2,389.96	1,91,68,854	1,916.89
Shares issued in exercise of employee stock options	1,78,450	17.85	43,900	4.39
Shares issued	30,49,859	150.40	46,86,828	468.68
As at the end of the year	**2,71,27,891**	**2,558.21**	**2,38,99,582**	**2,389.96**

Terms/rights attached to Equity Shares:

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

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

Shares reserved for issue under options

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

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

Name of shareholder	As at March 31, 2020 Number of shares	As at March 31, 2020 % of total shares in class
TPG Asia VII SF Pte. Ltd.	61,10,673	22.53
Matrix Partners India Investment Holdings II, LLC	41,00,999	15.12
D. Lakshmipathy	37,10,771	13.68
NHPEA Chocolate Holding B.V	35,98,051	13.26
Norwest Venture Partners X - Mauritius	25,69,650	9.47
SCI Investments V	25,69,650	9.47
L. Hema	20,89,060	7.70

Name of shareholder	As at March 31, 2019 Number of shares	As at March 31, 2019 % of total shares in class
NHPEA Chocolate Holding B.V	51,35,862	21.49
Matrix Partners India Investment Holdings II, LLC	41,00,999	17.16
TPG Asia VII SF Pte. Ltd.	31,11,933	13.02
Norwest Venture Partners X - Mauritius	25,69,650	10.75
SCI Investments V	25,69,650	10.75
D Lakshmipathy	22,87,551	9.57
L Hema	20,83,060	8.72

₹ in Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
21. Other Equity		
Statutory reserve	10,861.82	5,622.81
Share options outstanding account	428.30	490.27
Securities premium	1,39,069.20	1,07,313.93
General reserve	719.60	719.60
Retained earnings	40,820.92	19,976.24
Other comprehensive income	-	-
Total	**1,91,899.84**	**1,34,122.85**

₹ in Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
i. Statutory reserve		
Opening balance	5,622.81	2,489.60
Amount transferred from surplus in the statement of profit and loss	5,239.01	3,133.21
Closing balance	**10,861.82**	**5,622.81**

As per Section 45-IC of the Reserve Bank of India Act, 1934, the Company is required to create a reserve fund at the rate of 20% of the net profit after tax of the Company every year. Accordingly, the Company has transferred an amount of INR 5,239.01 lakhs (March 31, 2019: INR 3,126 lakhs), out of the profit after tax for the year ended March 31, 2020 to Statutory Reserve. As described in note 50 , Five-Star Housing Finance Private Limited, the wholly owned subsidiary amalgamated with the Company with appointed date under the aforesaid Scheme as April 1, 2019. The wholly owned subsidiary has surrendered its Certificate of Registration to carry on the business of housing finance institution to National Housing Bank (NHB) on June 5, 2020. The statutory reserve maintained by the wholly owned subsidiary under section 29C of the National Housing Bank Act, 1987 (As at March 31, 2019 - INR 18.81 lakhs, including the transfer of INR 7.21 lakhs in the year ended March 31, 2019) has been subsumed in the statutory reserve maintained by the Company. No appropriation of any sum from this reserve fund shall be made by the non-banking financial company except for the purpose as may be specified by RBI.

ii. Share options outstanding account		
Opening balance	490.27	327.52
Share based payment expense	168.03	267.83
Less : Transfer to securities premium	(230.00)	(105.08)
Less : Transfer to general reserve for lapse of options	-	-
Closing balance	**428.30**	**490.27**

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

iii. Securities premium		
Opening balance	1,07,313.93	46,256.73
Premium on shares issued during the period	31,755.27	61,558.73
Less : Utilised during the year for share issue expenses	-	501.53
Closing balance	**1,39,069.20**	**1,07,313.93**

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

iv. General reserve		
Opening balance	719.60	719.60
Amount transferred from surplus in the statement of profit and loss	-	-
Closing balance	**719.60**	**719.60**

General reserve are free reserves which can be utilised for any purpose as may be required.

₹ in Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
v. Retained earnings		
Opening balance	19,976.24	7,481.78
Net Profit for the year	26,195.04	15,665.73
Transfer to Statutory reserve	5,239.01	3,133.21
Transfer from other comprehensive income	(111.35)	(38.06)
Closing balance	**40,820.92**	**19,976.24**

Retained earning is the accumulated available profit of the Company carried forward from earlier years. These reserve are free reserves which can be utilised for any purpose as may be required.

Particulars	As at March 31, 2020	As at March 31, 2019
vi. Other comprehensive income		
Opening balance	-	-
Remeasurements of defined benefit asset/ (liability)	(111.35)	(38.06)
Transferred to retained earnings	111.35	38.06
Closing balance	**-**	**-**

Remeasurement of the net defined benefit liabilities comprise actuarial gain or loss, if any.

Particulars	As at March 31, 2020	As at March 31, 2019
22. Interest income		
(On financial assets measured at amortised cost)		
Interest on loans	71,795.80	37,621.43
Interest on deposits with banks	2,886.62	1,352.38
Total	**74,682.42**	**38,973.81**
23. Fee income		
Legal and inspection fees	2,917.60	1,272.87
Others charges	53.24	54.18
Total	**2,970.84**	**1,327.05**
24. Net gain on fair value changes		
Net gain on financial instruments at fair value through profit or loss (FVTPL)		
On trading portfolio		
-Mutual fund investments at FVTPL	1,018.22	589.94
Total	**1,018.22**	**589.94**
Fair value changes		
Realised	1,018.22	589.94
Unrealised	-	-
Total	**1,018.22**	**589.94**
25. Other Income		
Other non-operating income	63.25	1.86
Total	**63.25**	**1.86**

₹ in Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
26. Finance costs		
(On financial liabilities measured at amortised cost)		
Interest on borrowings		
- term loans from banks	5,546.06	2,668.11
- cash credits and overdraft	15.61	4.00
- term loans from others*	3,158.88	948.79
Interest on debt securities	12,733.62	3971.30
Interest on lease liability	167.76	-
Interest on current tax liability	71.58	-
Total	**21,693.51**	**7,592.20**

Includes interest of Rs. INR 1606.83 lakhs pertaining to borrowings from securitisation arrangements

Particulars	As at March 31, 2020	As at March 31, 2019
27. Fees expenses		
Amortisation of ancillary costs relating to borrowings	42.52	94.77
Total	**42.52**	**94.77**
28. Impairment / write off on financial instruments		
(On financial assets measured at amortised cost)		
Impairment loss allowance on loans*	4,934.19	755.18
Total	**4,934.19**	**755.18**

* Includes write-off of INR 486.06 lakhs (March 31, 2019 - INR 175.88 lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
29. Employee benefits expenses		
Salaries, wages and bonus	11,272.30	6,798.80
Contribution to provident and other funds	905.85	465.68
Employee stock option expenses	168.03	267.83
Staff welfare expenses	364.60	121.13
Total	**12,710.78**	**7,653.44**
30. Depreciation and amortization		
Depreciation on property, plant and equipment	499.74	368.87
Amortisation of intangible assets	68.75	50.59
Depreciation on right of use asset	438.36	-
Total	**1,006.85**	**419.46**
31. Other expenses		
Rent	15.09	428.07
Rates and taxes	104.32	197.19
Electricity expenses	78.29	55.26
Repairs and maintenance	203.32	187.51
Communication costs	442.37	262.34
Printing and stationery	343.03	199.47
Advertisement and publicity	2.52	6.28
Directors fees, allowances and expenses	13.63	11.05
Auditor's fees and expenses (Refer note 31.2)	47.12	27.56
Legal and professional charges	1,389.62	679.09
Insurance	14.29	9.01

₹ in Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Corporate social responsibility expenses (Refer note 32.2)	7.39	10.00
Travel expenses	192.77	135.18
Information technology expenses	394.16	225.31
Loss on sale of property, plant and equipment	0.75	0.98
Bank charges	122.06	47.45
Customer referral expenses	25.86	25.32
Miscellaneous expenses	20.24	26.20
Total	**3,416.83**	**2,533.27**
31.1. Payments to auditors		
Statutory audit including limited review	38.15	22.12
Tax audit	2.18	1.59
Other services	5.18	3.27
Reimbursement of expenses	1.61	0.58
Total	**47.12**	**27.56**
31.2. Details of expenditure on corporate social responsibility ("CSR")		
(a) Amount required to be spent by the Company during the year	216.28	86.76
(b) Amount spent during the year (in cash) :		
(i) Construction/ acquisition of any asset	-	-
(ii) On purposes other than (i) above	7.39	10.00
32. A. Income tax		
i. Current tax		
in respect of current year	10,083.72	6,977.77
in respect of prior years	(27.65)	-
Total	**10,056.07**	**6,977.77**
ii. Deferred tax		
Attributable to-		
Origination and reversal of temporary differences	(1,321.06)	(799.16)
Total	**(1,321.06)**	**(799.16)**
Tax expense (i)+(ii)	**8,735.01**	**6,178.61**
32. B. Income tax recognized in other comprehensive income		
Re-measurements of the defined benefit plan	(148.80)	(53.55)
Income tax relating to items that will not be reclassified to profit or loss	(37.45)	(15.49)
Net of tax	**(111.35)**	**(38.06)**
32.1. Reconciliation of total tax expense		
Profit before tax	34,930.05	21,844.34
Applicable tax rate	25.17%	29.12%
Computed tax expense	8,791.19	6,361.07

₹ in Lakhs

Particulars		
Tax effect of :		
Permanent differences		
Deduction u/s 80JJAA of the Income Tax Act, 1961	(244.92)	(168.86)
Disallowance related to CSR expenditure	1.71	1.46
Change in tax rates	194.35	5.96
Others	(7.32)	(21.02)
Income tax expense recognised in statement of profit and loss	**8,735.01**	**6,178.61**
Effective tax rate	25.01%	28.28%

Note: The Company has elected to exercise the option permitted under section 115BAA of the Income Tax Act, 1961, as introduced by the Taxation laws (Amendment) Ordinance, 2019. Accordingly, the Company has recognised provision for income tax and remeasured its net deferred tax asset at concessional rate for the year ended March 31, 2020.

33. Commitments

Estimated amount of contracts remaining to be executed on capital account (net of capital advances) and not provided for	14.73	3.95

34. Contingent liabilities

Claims against the Company not acknowledged as debt		
- Income tax related matters (excluding penalties and interest)	6.74	6.74
- Provident Fund (refer note below)		

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

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

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

The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting period			
Principal	-	-	-
Interest	-	-	-
The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	-	-	-
The amount of interest due and payable for the period of delay in making payment (which have 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;	-	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-	-

₹ in Lakhs

Particulars		
36. Deferred tax assets / (liability):		
In relation to :		
Difference between written down value of fixed assets as per books of accounts and income tax	95.19	69.52
Employee Benefits	303.92	159.30
Preliminary expense	-	1.06
Impairment allowance	1,289.74	342.87
Unamortised processing fee income	1,664.02	1,030.39
Unamortised processing fee expenses	(545.07)	(138.69)
Recognition of lease liability and right to use asset	15.16	-
Total	**2,822.96**	**1,464.46**

₹ in Lakhs

Particulars	Opening Balance	Recognised in profit of loss	Recognised in other comprehensive income	Closing Balance

36. Deferred tax assets / (liability):

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

For the year ended 31 March, 2020 :

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

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

For the year ended 31 March, 2019 :

Particulars	Opening Balance	Recognised in profit of loss	Recognised in other comprehensive income	Closing Balance
Difference between written down value of fixed assets as per books of accounts and income tax	32.76	36.76	-	69.52
Employee Benefits	50.78	93.03	15.49	159.30
Preliminary expense	2.28	(1.21)	-	1.06
Impairment on financial instruments	191.84	151.03	-	342.87
Unamortised processing fee income	452.27	578.12	-	1,030.39
Unamortised processing fee expenses	(80.12)	(58.57)	-	(138.69)
Total	**649.81**	**799.16**	**15.49**	**1,464.46**

37. Leases

A. Implementation of IND AS 116

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

This note explains the impact of the adoption of Ind-AS 116 Leases on the financial statements.

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

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

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

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

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

Practical expedients applied

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

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

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

₹ in Lakhs

Particulars	Year ended March 31, 2020
i). Movement in carrying value of right of use assets	
As at April 1, 2019	
Right of use asset recognised on initial application of IND AS 116	1,104.68
Reclassfication of prepaid rent as at April 1,2019	46.11
Additions during the year	884.19
Depreciation	(438.36)
Derecognition on termination of leases	(108.62)
Balance as at March 31, 2020	**1,488.00**
ii). Movement in lease liabilities	
As at April 1, 2019	
Lease liabilities recognised on initial application of IND AS 116	1,162.43
Additions during the year	871.57
Interest on lease liabilities	167.76
Rent payments	(531.20)
Derecognition on termination of leases	(115.23)
As at March 31, 2020	**1,555.33**
iii). Amounts recognised in statement of profit and loss	
Rent expense on short term leases	15.09
Interest on lease liabilities	167.76
Depreciation on Right of Use asset	438.36
Gain recognised on derecognition of leases	(6.60)

₹ in Lakhs

Particulars	Year ended March 31, 2020
iv). Future lease commitments	
Future undiscounted lease payments to which leases is not yet commenced	38.59
v). Cash flows	
Total cash outflow for leases	546.29
vi). Maturity analysis of undiscounted lease liabilities	
Not later than one year	636.77
Later than one year and not later than five years	1,153.47
Later than five years	161.85
vii). Measurement of lease liabilities	
Operating lease commitments as at March 31, 2019	1,772.67
Weighted average incremental borrowing rate as at April 1, 2019	12.29%
Discounted operating lease commitments at April 1, 2019	1,162.43
Lease liabilities recognised as at April 1, 2019	1,162.43

B. Lease disclosures under Ind-AS 17 for the comparative year ended March 31, 2019

The company has operating lease agreement primarily for office premises. The leases typically run for a period of 3 to 9 years, with an option to renew the lease after that period.

₹ in Lakhs

Particulars	Year ended March 31, 2019
i). Amount recognized in profit or loss	
Minimum lease payments	428.07
ii). Future minimum lease payments	
Payable within one year	423.55
Payable between one and five years	1,238.42
Payable after five years	110.70

₹ in Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
38. Earnings per share		
Profit after tax	26,195.04	15,665.73
Weighted Average Number of Equity Shares in calculation of basic earnings per share	2,53,73,397	2,27,31,677
Dilution on account of ESOP and partly paid up shares	6,40,463	5,14,492
Weighted Average Number of Equity Shares in calculation of diluted earnings per share	2,60,13,860	2,32,46,169
Basic earnings per share	103.24	68.92
Diluted earnings per share	100.70	67.39

39. Segment Information

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

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

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

40. Employee benefits - post employment benefit plans

Defined contribution plans

A. The Company makes provident fund and employee state insurance scheme contributions which are defined contribution plans, for qualifying employees. Under the schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised INR 492.28 lakhs (year ended March 31, 2019 - INR 229.59 lakhs) for provident fund contributions, and INR 168.58 lakhs (year ended March 31, 2019 - INR 138.74 lakhs) for employee state insurance scheme contributions in the statement of profit and loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

B. Defined benefit plans

Gratuity

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

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

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

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

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

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

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

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

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

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

Funding

During the current year, the Company has funded their gratuity liability with Life Insurance Corporation. Upto the previous year ended March 31, 2019, Company did not have a funded gratuity scheme for its employees. Gratuity provision has been made based on the actuarial valuation.

Reconciliation of net defined benefit (asset) liability

The following table shows a reconciliation from the opening balances to the closing balances for the net defined benefit asset (liability) and its components.

₹ in Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Present value of obligations	501.04	255.65
Fair value of plan assets	(253.94)	-
Asset/ (Liability) recognised in the balance sheet	**(247.10)**	**(255.65)**
B. Defined benefit plans		
Reconciliation of present value of defined benefit obligation		
Balance at the beginning of the year	255.65	141.72
Benefits paid	(8.43)	(3.44)
Current service cost	85.82	53.40
Interest cost	17.30	10.42
Actuarial (gain)/loss recognized in other comprehensive income		
changes in demographic assumptions	-	(38.15)
changes in financial assumptions	27.40	56.34
experience adjustments	123.30	35.36
Balance at the year end	**501.04**	**255.65**
Expense recognized in profit or loss		
Current service cost	85.82	53.40
Net Interest cost	8.92	10.42
Total	**94.74**	**63.82**

₹ in Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Remeasurements recognized in other comprehensive income		
Actuarial (gain) loss on defined benefit obligation	150.70	(53.55)
Return on plan assets excluding interest income	(1.90)	-
Total	**148.80**	**(53.55)**
Changes in the fair value of plan assets		
Fair value of plan assets as at the beginning of the period	-	-
Expected return on plan assets	8.38	-
Contributions	250.00	-
Direct Contributions towards direct benefit payments	2.09	-
Benefits paid and Charges deducted from the fund	(6.34)	-
Direct Benefit Payments	(2.09)	-
Actuarial gain/(loss) on plan assets	1.90	-
Fair value of plan assets as at the end of the period	**253.94**	**-**
Net defined benefit (assets)/liability	**247.10**	**255.65**
Actuarial assumptions		
Discount rate	5.81%	6.88% - 7.30%
Future salary growth	15.00%	15.00%
Attrition rate	25.00%	12.00% - 25.00%

Five year information

₹ in Lakhs

Particulars	31-Mar- 20	31-Mar- 19	31-Mar- 18	31-Mar- 17	31-Mar- 16
Defined benefit obligation	(501.04)	255.65	141.72	65.39	44.29
Fair value of plan assets	253.94	-	-	-	-
Deficit in plan	(247.10)	(255.65)	(141.72)	(65.39)	(44.29)
Experience adjustments on plan liabilities	(123.30)	(36.61)	(10.59)	(10.92)	(6.07)
Experience adjustments on plan assets	1.90	-	-	-	-

Sensitivity Analysis

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

Discount rate		
-1% increase	(25.68)	(12.07)
-1% decrease	28.29	13.20
Future salary growth		
-1% increase	26.19	12.01
-1% decrease	(24.58)	(11.27)
Attrition rate		
-1% increase	(15.16)	(6.72)
-1% decrease	16.32	7.23

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

42. Share Based Payments

A. Description of schemes

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

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

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

i. Reconciliation of outstanding share options

₹ in Lakhs

Particulars	As at March 31, 2020		As at March 31, 2019	
	Weighted average exercise price per option	Number of options	Weighted average exercise price per option	Number of options
Outstanding at beginning of year	50.03	3,30,600	46.22	3,62,000
Forfeited during the year	85.00	1,000	-	-
Exercised during the year	12.19	1,78,450	61.15	43,900
Granted during the year	674.40	9,000	130.00	12,500
Outstanding as at end of year	121.63	1,60,150	50.03	3,30,600
Exercisable at March 31	**101.93**	**42,750**	**21.75**	**1,16,400**

The weighted average share price at the date of exercise of options exercised during the year ended ended March 31, 2020 is INR 2,122.87/- (March 31, 2019 : INR 1,326.89/-)

For the options outstanding at the end of the year:

₹ in Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Weighted average remaining contractual life (in years)	5.43	6.2
Range of exercise prices (INR)	10-674	10-130

ii. Expense recognised in the statement of profit and loss

₹ in Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Total Expense	168.03	267.83

iii. Measurement of fair values

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

₹ in Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Weighted average share price (INR)	2,128.91	698.00
Share price on Grant date (INR)	2,128.91	698.00
Exercise price (INR)	674.4	130.00
Fair value of options at grant date (INR)	1,591.82 - 1,716.24	595.47 - 620.03
Expected volatility	31.06% - 33.56%	29.28% - 30.89%
Option term	3.54-7.54 years	3.54-7.54 years
Expected dividends	Nil	Nil
Risk free interest rate	6.25%	6.70% - 6.75%

42. Related party disclosures

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

Key Management Personnel :

D Lakshmipathy, Chairman and Managing Director
K Rangarajan, Chief Executive Officer (from May 22, 2018)
G Srikanth, Chief Financial Officer
B Shalini, Company Secretary
R Anand, Independent Director
Bhama Krishnamurthy, Independent Director
B Haribabu, Independent Director
A Ramanathan, Independent Director
L R Ravi Prasad, Non-executive Director
V Thirulokchand, Non-executive Director
Kalpana Iyer (upto April 30, 2018)

Director and relative of Key Management Personnel / Director

L Hema, Wife of Mr. D. Lakshmipathy
R Deenadayalan, Father of Mr. D. Lakshmipathy
B Sudha, Sister of Mr. D. Lakshmipathy
R Bhuvaneswari, Wife of Mr. L.R Ravi Prasad
L R Deepak Krishna, Son of Mr. L.R Ravi Prasad
L R Venkatesh, Son of Mr. L.R. Ravi Prasad
H Srinivasan, Son of Mr.B. Hari Babu

Entities with substantial interest over the company

Matrix Partners India Investment Holdings II, LLC (upto 3 August, 2018)
TPG Asia VII SF Pte. Ltd.(from 29, August 2019)
M/s.NHPEA Chocolate Holding B.V. (upto 29, August 2019)

₹ in Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
b. Key management personnel compensation		
D Lakshmipathy	503.51	344.44
K Rangarajan	187.75	181.67
G Srikanth	104.69	99.00
B Shalini	7.75	5.24
R Anand	5.50	4.60
Bhama Krishnamurthy	5.25	4.35
B Haribabu	5.05	3.70
A Ramanathan	5.40	4.30
L R Ravi Prasad	4.80	3.70
V Thirulokchand	4.50	3.70
Kalpana Iyer	-	0.20

Managerial remuneration above does not include gratuity and leave encashment benefit, since the same is computed actuarially for all the employees and the amount attributable to the managerial person cannot be ascertained separately.

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

Particulars	As at March 31, 2020	As at March 31, 2019
c. Details of related party transactions		
Nature of transaction		
Interest expense		
L Hema	-	0.01
B Sudha	-	0.06
K Boopathi	-	0.27
R Bhuvaneshwari	0.01	0.13
L R Deepak Krishna	0.29	3.94
L R Ravi Prasad	0.03	0.35
L R Venkatesh	0.24	3.13
Issue of equity shares*		
TPG Asia VII SF Pte. Ltd.	133.23	-
NHPEA Chocolate Holding B.V.	-	66.63
D Lakshmipathy	15.25	-
K Rangarajan	0.64	-
G Srikanth	0.45	-
Receipt of share premium*		
TPG Asia VII SF Pte. Ltd.	31,366.78	-
NHPEA Chocolate Holding B.V.	-	8,733.35
D Lakshmipathy	137.25	-
K Rangarajan	5.76	-
G Srikanth	4.03	-

* excludes shares issued pursuant to Employee stock options

₹ in Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Nature of transaction		
Loans repaid		
L Hema	-	0.10
B Sudha	-	1.00
K Boopathi	-	4.50
R Bhuvaneshwari	1.15	-
L R Deepak Krishna	34.30	-
L R Ravi Prasad	3.00	-
L R Venkatesh	27.20	-
H Srinivasan	-	0.32
Year end balances : Borrowings		
R Bhuvaneshwari	-	1.15
L R Deepak Krishna	-	34.30
L R Ravi Prasad	-	3.00
L R Venkatesh	-	27.20
Year end balances : Others		
D Lakshmipathy	100.17	80.06
K Rangarajan	33.55	28.76
G Srikanth	10.72	9.84
R Anand	2.70	2.03
Bhama Krishnamurthy	2.70	2.03
B Haribabu	2.70	2.03
A Ramanathan	2.70	2.03
L R Ravi Prasad	2.70	2.03
V Thirulokchand	2.70	2.03

43. Capital

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

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

Capital management

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

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

i. Net Debt to Equity Ratio

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

₹ in Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Equity	1,94,458.05	1,36,512.81
Debt	2,36,369.32	96,002.95
Cash and Cash equivalents	28,977.95	21,965.73
Net Debt	**2,07,391.37**	**74,037.22**
Net Debt to Equity Ratio	**1.07**	**0.54**

ii. Regulatory capital

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

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

₹ in Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Tier I Capital	1,84,777.38	1,34,540.36
Tier II Capital	-	1,262.20
Total Capital	**1,84,777.38**	**1,35,802.56**
CRAR%	52.94	64.09
CRAR - Tier I Capital%	52.94	63.49
CRAR - Tier II Capital%	-	0.60
Amount of subordinated debt raised as Tier-II capital	-	-
Amount raised by issue of perpetual debt instruments	-	-

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

The regulatory capital information disclosed as at March 31, 2019 has been restated as mentioned in note no. 50.

44. Fair Value Measurement

a. Financial instruments by category

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

₹ in Lakhs

Particulars	Carrying amount			
	Amortised cost	Fair value through profit or loss	Other financial liabilities	Total carrying value
Assets:				
Cash and cash equivalents	28,977.95	-	-	28,977.95
Bank balances other than cash and cash equivalents	16,134.94	-	-	16,134.94
Loans	3,83,080.44	-	-	3,83,080.44
Other financial assets	524.57	-	-	524.57
Total	**4,28,717.90**	**-**	**-**	**4,28,717.90**
Liabilities:				
Trade payables	662.40	-	-	662.40
Debt securities	1,07,886.42	-	-	1,07,886.42
Borrowings (Other than debt securities)	1,28,482.89	-	-	1,28,482.89
Other financial liabilities	-	-	1,568.10	1,568.10
Total	**2,37,031.72**	**-**	**1,568.10**	**2,38,599.82**

The carrying value and fair value of financial instruments by categories as of March 31, 2019 are as follows:

₹ in Lakhs

Particulars	Carrying amount			
	Amortised cost	Fair value through profit or loss	Other financial liabilities	Total carrying value
Assets:				
Cash and cash equivalents	21,965.73	-	-	21,965.73
Bank balances other than cash and cash equivalents	6.88	-	-	6.88
Loans	2,09,586.40	-	-	2,09,586.40
Other financial assets	285.89	-	-	285.89
Total	**2,31,844.90**	**-**	**-**	**2,31,844.90**
Liabilities:				
Trade payables	292.69	-	-	292.69
Debt securities	43,350.77	-	-	43,350.77
Borrowings (Other than debt securities)	52,652.18	-	-	52,652.18
Other financial liabilities	-	-	6.88	6.88
Total	**96,295.64**	**-**	**6.88**	**96,302.52**

Note:

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

45. Maturity Analysis of assets and liabilities

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

₹ in Lakhs

Particulars	As at March 31, 2020			As at March 31, 2019		
	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total
Assets						
Financial assets						
Cash and cash equivalents	28,977.95	-	28,977.95	21,965.73	-	21,965.73
Bank balances other than cash and cash equivalents	13,658.72	2,476.21	16,134.94	6.88	-	6.88
Loans	41,092.95	3,41,987.49	3,83,080.44	28,526.34	1,81,060.06	2,09,586.40
Other financial assets	201.49	323.08	524.57	285.89	-	285.89
Total	**83,931.11**	**3,44,786.79**	**4,28,717.90**	**50,784.84**	**1,81,060.06**	**2,31,844.90**
Non-financial assets						
Current tax assets (net)	435.46	-	435.46	360.01	-	360.01
Deferred tax assets (net)	-	2,822.96	2,822.96	-	1,464.46	1,464.46
Investment property	-	3.56	3.56	-	3.56	3.56
Property, plant and equipment	-	1,106.09	1,106.09	-	744.41	744.41
Right of use asset	-	1,488.00	1,488.00	-	-	-
Other intangible assets	-	192.80	192.80	-	201.80	201.80
Other non-financial assets	475.86	72.76	548.62	339.32	24.49	363.81
Total	**911.32**	**5,686.17**	**6,597.49**	**699.33**	**2,438.72**	**3,138.05**
Total assets	**84,842.43**	**3,50,472.96**	**4,35,315.39**	**51,484.17**	**1,83,498.78**	**2,34,982.95**

₹ in Lakhs

Particulars	As at March 31, 2020			As at March 31, 2019		
	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total
LIABILITIES AND EQUITY						
Financial liabilities						
Payables						
Trade payables						
total outstanding dues of micro and small enterprises	-	-	-	-	-	-
total outstanding dues of creditors other than micro and small enterprises	662.40	-	662.40	292.69	-	292.69
Debt securities	24,245.73	83,640.69	1,07,886.42	4,612.24	38,738.53	43,350.77
Borrowings (other than debt securities)	38,970.37	89,512.52	1,28,482.89	19,164.86	33,487.32	52,652.18
Other financial liabilities	520.11	1,047.99	1,568.10	6.88	-	6.88
Total	**64,398.61**	**1,74,201.20**	**2,38,599.81**	**24,076.67**	**72,225.85**	**96,302.52**
Non-financial liabilities						
Current tax liabilities (net)	74.80	-	74.80	162.17	-	162.17
Provisions	531.27	46.34	577.61	361.61	14.65	376.26
Other non-financial liabilities	1,605.12	-	1,605.12	1,629.19	-	1,629.19
	2,211.20	**46.34**	**2,257.53**	**2,152.97**	**14.65**	**2,167.61**
Total liabilities	**66,609.80**	**1,74,247.54**	**2,40,857.34**	**26,229.64**	**72,240.50**	**98,470.14**
Net worth			**1,94,458.05**			**1,36,512.81**

46. Financial risk management objectives and policies

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

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

Market risk

Credit risk and

Liquidity risk

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

Risk management framework

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

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

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

Excessive risk concentration

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

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

(i) Market risk

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

Interest rate risk

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

The interest rate profile of the Company's interest bearing financial instruments is as follows: ₹ in Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Fixed rate instruments		
Financial assets	4,15,079.10	2,10,610.77
Financial liabilities	1,68,586.62	64,038.68
Total	**5,83,665.72**	**2,74,649.45**
Variable rate instruments		
Financial assets	-	-
Financial liabilities	67,782.69	31,964.26
Total	**67,782.69**	**31,964.26**

₹ in Lakhs

	Profit / loss		Equity, net of tax	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
31-Mar-20				
Variable-rate instruments	(427.17)	427.17	(107.52)	107.52
Cash flow sensitivity (net)	(427.17)	427.17	(107.52)	107.52
31-Mar-19				
Variable-rate instruments	(48.32)	48.32	(35.06)	35.06
Cash flow sensitivity (net)	(48.32)	48.32	(35.06)	35.06

(ii) Credit risk

Loans and advances

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's loans advances and other financial assets. The carrying amount of financial assets represents the maximum credit exposure. The company has Credit policy approved by the Board of Directors, which is subject to annual review. The Company manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and for geographical and industry concentrations, and by monitoring exposures in relation to such limits.

The Company has established a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties, including regular collateral revisions, as defined in the Credit policy. Counterparty limits are established by the use of a credit risk classification system, which assigns each counterparty a risk rating. The credit quality review process aims to allow the Company to assess the potential loss as a result of the risks to which it is exposed and take corrective actions.

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

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

An impairment analysis is performed at each reporting date based on the facts and circumstances existing on that date to identify expected losses on account of time value of money and credit risk. For the purposes of this analysis, the loan receivables are categorised into groups based on days past due. Each group is then assessed for impairment using the Expected Credit Loss (ECL) model as per the provisions of Ind AS 109 - financial instruments. The Company's impairment assessment and measurement approach is set out in this report. It should be read in conjunction with the Summary of significant accounting policies.

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

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

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

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

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

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

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

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

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

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

Company's internal rating and PD estimation process

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

Exposure at default

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

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

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

Loss given default

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

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

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

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

Discounting:

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

Significant increase in credit risk

The Company continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12mECL or LTECL, the Company assesses whether there has been a significant increase in credit risk since initial recognition. The Company considers the credit risk to be directly proportional to the delinquency status i.e. days past due of the loan under consideration. No further adjustments are made in the PD. When estimating ECLs on a collective basis for a group of similar assets the Company applies the same principles for assessing whether there has been a significant increase in credit risk since initial recognition.

Grouping financial assets measured on a collective basis

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

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

Geographic location

Loan type

Ticket size

ECL computation:

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

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

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

₹ in Lakhs

Particulars	Provisions	As at March 31, 2020	As at March 31, 2019
Stage 1	12 month provision	0.48%	0.15%
Stage 2	Life time provision	8.70%	4.58%
Stage 3	Life time provision	17.70%	23.14%

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

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

₹ in Lakhs

Particulars	As at March 31, 2020				As at March 31, 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount Opening balance	**1,87,880.35**	**21,533.13**	**1,867.19**	**2,11,280.67**	**85,955.10**	**13,021.03**	**1,761.16**	**1,00,737.29**
Asset derecognised or repaid (excluding write-off)	(17,956.55)	(3,455.54)	(219.57)	(21,631.66)	(10,843.06)	(2,349.86)	(176.68)	(13,369.60)
Assets partially repaid	(16,748.09)	(3,911.22)	(321.15)	(20,980.46)	(7,896.32)	(2,271.11)	-	(10,167.43)
Roll forwards to higher stages	(27,683.30)	(3,096.31)	-	(30,779.61)	(11,453.82)	(608.04)	-	(12,061.86)
Roll forward from lower stages	-	26,409.54	4,370.07	30,779.61	-	11,285.94	775.92	12,061.86
Roll back from higher stages	2,241.23	48.46	-	2,289.69	-	(1,898.41)	(327.64)	(2,226.05)
Roll back to lower stages	-	(2,218.83)	(70.86)	(2,289.69)	1,993.21	232.84	-	2,226.05
Amount written off	-	-	(486.06)	(486.06)	-	-	(175.88)	(175.88)
New assets originated	2,15,498.64	5,358.71	183.01	2,21,040.36	1,30,125.24	4,120.74	10.31	1,34,256.29
Gross carrying amount Closing balance	**3,43,232.28**	**40,667.94**	**5,322.63**	**3,89,222.85**	**1,87,880.35**	**21,533.13**	**1,867.19**	**2,11,280.67**

Reconciliation of ECL balance is given below:

Particulars	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	**276.63**	**985.59**	**432.05**	**1,694.27**	**208.92**	**539.69**	**365.86**	**1,114.46**
Addition during the year	1,449.27	2,875.93	1,046.09	5,371.29	99.99	545.88	144.30	790.17
Reversal / Utilization during the year	(64.49)	(322.64)	(536.02)	(923.15)	(32.27)	(99.98)	(78.11)	(210.36)
Closing provision of ECL	**1,661.41**	**3,538.88**	**942.12**	**6,142.41**	**276.63**	**985.59**	**432.05**	**1,694.27**

Analysis of inputs to the ECL model under multiple economic scenarios

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

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

₹ in Lakhs

ECL Scenario	As at March 31, 2020	As at March 31, 2019
Best case	5,372.70	1,378.65
Base case	5,809.36	1,642.87
Worst case	6,397.23	2,018.03

Analysis of credit concentration risks

The Company's concentrations of risk are managed by counterparty and geography. The maximum credit exposure to any individual client or counterparty as of March 31, 2020 was INR 71.83 Lakhs (March 31, 2019: INR 107.77 Lakhs).

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

₹ in Lakhs

Geography	As at March 31, 2020	As at March 31, 2019
Tamil Nadu	1,64,585.54	1,00,925.01
Karnataka	25,946.28	11,354.30
Andhra Pradesh	1,07,903.48	62,278.32
Telangana	74,414.92	34,402.67
Others	16,372.63	2,320.37
Total	**3,89,222.85**	**2,11,280.67**

Cash and bank balances

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

Other financial assets

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

(iii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company is bound to comply with the Asset Liability Management guidelines issued by Reserve Bank of India. The company has Asset Liability Management policy approved by the board and has constituted Asset Liability Committee to oversee the liquidity risk management function of the company. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company's principal sources of liquidity are borrowings, cash and cash equivalents and the cash flow that is generated from operations.

The Company believes that the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived. In addition, the Company maintains the following undrawn borrowing facilities :

₹ in Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Cash Credit facilities	2,300.00	1,836.93
Others	55,000.00	57,000.00
Total	**57,300.00**	**58,836.93**

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

Exposure to liquidity risk

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

₹ in Lakhs

	Carrying amount	Less than 1 year	1-2 years	2-5 years	More than 5 years
Financial Liabilities					
Debt Securities	1,07,886.42	24,245.73	66,027.29	17,613.40	-
Borrowings (Other than Debt Securities)	1,28,482.89	38,970.37	36,641.10	50,874.47	1,996.95
Other payables	662.40	662.40	-	-	-
Other financial liabilities	1,568.10	520.11	409.12	509.92	128.95
Total	**2,38,599.81**	**64,398.61**	**1,03,077.51**	**68,997.79**	**2,125.90**
Financial Assets					
Cash and cash equivalents	28,977.95	28,977.95	-	-	-
Bank Balances other than cash and cash equivalents	16,134.94	13,658.72	-	1,719.47	756.75
Loans	3,83,080.44	41,092.95	56,621.26	2,00,946.93	84,419.30
Other Financial assets	524.57	201.49	82.85	203.89	36.34
Total	**4,28,717.90**	**83,931.11**	**56,704.11**	**2,02,870.29**	**85,212.39**

The table below provides details regarding the contractual maturities of financial liabilities and assets including interest as at March 31, 2019:

	Carrying amount	Less than 1 year	1-2 years	2-5 years	More than 5 years
Financial Liabilities					
Debt Securities	43,350.77	4,612.24	10,796.15	27,942.38	-
Borrowings (Other than Debt Securities)	52,652.18	19,164.86	16,966.03	16,432.50	88.79
Other payables	292.69	292.69	-	-	-
Other financial liabilities	6.88	6.88	-	-	-
Total	**96,302.52**	**24,076.67**	**27,762.18**	**44,374.88**	**88.79**
Financial Assets					
Cash and cash equivalents	21,965.73	21,965.73	-	-	-
Bank Balances other than cash and cash equivalents	6.88	6.88	-	-	-
Loans	2,09,586.40	28,526.34	32,391.54	1,02,143.34	46,525.18
Other Financial assets	285.89	285.89	-	-	-
Total	**2,31,844.90**	**50,784.84**	**32,391.54**	**1,02,143.34**	**46,525.18**

47. Disclosures required as per RBI Circulars/Directives

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

₹ in Lakhs

Particulars	As at March 31, 2020		As at March 31, 2019	
	Amount Outstanding	Amount Overdue	Amount Outstanding	Amount Overdue
Liabilities side				
1. Loans and Advances availed by the non-banking financial company, inclusive of interest accrued thereon but not paid				
a. Debentures				
i. Secured	1,07,886.42	-	43,350.77	-
ii. Unsecured				-
b. Deferred Credits	-	-	-	-
c. Term Loans	1,28,482.89	-	51,717.04	-
d. Inter-corporate loans and borrowings	-	-	-	-
e. Commercial Paper	-	-	-	-
f. Public Deposits				
g. Other loans	-	-	-	-
Loans repayable on demand (secured) - From Banks	-	-	863.07	-
Loans from related parties (unsecured)	-	-	65.65	-
Loans from others (unsecured)			6.42	
Borrowings under securitisation	34,088.32	-	-	-
2. Break-up of (1) (f) above (outstanding public deposits inclusive of interest accrued thereon but not paid) :				
a. In the form of Unsecured debentures	-	-	-	-
b. In the form of party secured debentures i.e debentures where there is a shortfall in the value of security	-	-	-	-
c. Other public deposits	-	-	-	-

₹ in Lakhs

Particulars	Amount Outstanding as on March 31, 2020	Amount Outstanding as on March 31, 2019
Assets side		
3. Break-up of Loans and Advances, including Bills Receivables		
a. Secured	3,83,080.44	2,09,586.40
b. Unsecured	-	-
4. Break up of Leased Assets and Stock on Hire and Other Assets counting towards AFC activities		
(i). Leased assets including lease rentals under Receivables		
a. Financial lease	-	-
b. Operating lease	-	-

₹ in Lakhs

Particulars	Amount Outstanding as on March 31, 2020	Amount Outstanding as on March 31, 2019
(ii). Stock on hire including hire charges under Receivables		
a. Assets on hire	-	-
b. Repossessed assets	-	-
(iii). Other loans counting towards AFC activities		
a. Loans where assets have been repossessed (net)	-	-
b. Loans other than (i) above	-	-
5. Break-up of Investments		
a. Current Investments		
1. Quoted		
i. Shares		
a. Equity	-	-
b. Preference	-	-
ii. Debentures and Bonds	-	-
iii. Units of Mutual Funds	-	-
iv. Government Securities	-	-
v. Others	-	-
2. Unquoted		
i. Shares		
a. Equity	-	-
b. Preference	-	-
ii. Debentures and Bonds	-	-
iv. Government Securities	-	-
v. Others	-	-
b. Long-term Investments		
1. Quoted		
i. Shares		
a. Equity	-	-
b. Preference	-	-
ii. Debentures and Bonds	-	-
iii. Units of Mutual Funds	-	-
iv. Government Securities	-	-
v. Others	-	-
2. Unquoted		
i. Shares		
a. Equity	-	-
b. Preference	-	-
ii. Debentures and Bonds	-	-
iii. Units of Mutual Funds	-	-
iv. Government Securities	-	-
v. Others	-	-

6. Borrower group-wise classification of assets financed in 3 and 4 above

₹ in Lakhs

Category	Amount [Net of Provisions]					
	As at March 31, 2020			As at March 31, 2019		
	Secured	Unsecured	Total	Secured	Unsecured	Total
a. Related Parties						
i. Subsidiaries	-	-	-	-	-	-
ii. Companies in the same group	-	-	-	-	-	-
iii. Other Related Parties	-	-	-	-	-	-
b. Other than Related Parties	3,83,080.44	-	3,83,080.44	2,09,586.40	-	2,09,586.40
Total	**3,83,080.44**	**-**	**3,83,080.44**	**2,09,586.40**	**-**	**2,09,586.40**

7. Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted)

₹ in Lakhs

Category	As at March 31, 2020		As at March 31, 2019	
	Market value / breakup or Fair value or NAV	Book Value (Net of Provisions)	Market value / breakup or Fair value or NAV	Book Value (Net of Provisions)
a.Related Parties				
i. Subsidiaries	-	-	-	-
ii. Companies in the same group	-	-	-	-
iii. Other Related Parties	-	-	-	-
b. Other than Related Parties	-	-	-	-
Total	**-**	**-**	**-**	**-**

₹ in Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
8. Other Informations		
a. Gross Non-Performing Assets (stage 3 assets)		
i. Related Parties	-	-
ii. Other than Related Parties	5,322.63	1,867.19
b. Net Non-Performing Assets (stage 3 assets)		
i. Related Parties	-	-
ii. Other than Related Parties	4,380.51	1,435.14
c. Assets acquired in satisfaction of debt	-	-

Additional Disclosure pursuant to Reserve Bank of India notification DNBR (PD) CC. No.029/03.10.001/2014-15 dated April 10, 2015

B. Derivatives (Forward rate agreement / interest rate swap)

There has been no forward rate contracts / interest rate swaps or any other derivative transactions carried out by the Company during the year ended March 31, 2020 and March 31, 2019.

C. Investments

₹ in Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
1. Value of Investments		
i. Gross value of investments		
a. In India	-	-
b. Outside India	-	-
ii. Provision for depreciation		
a. In India	-	-
b. Outside India	-	-
iii. Net value of investments		
a. In India	-	-
b. Outside India	-	-
2. Movement of provisions held towards depreciation on investments		
i. Opening balance	-	-
ii. Add : Provisions made during the year	-	-
iii. Less : Write-off / write-back of excess provisions during the year	-	-
iv. Closing balance	-	-

D. Exposure to Real Estate Sector

₹ in Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
1. Direct exposure		
i. Residential Mortgages		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	3,89,222.85	2,11,251.44
ii. Commercial Real Estate		
Lending secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.).	-	29.23

₹ in Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
iii. Investments in Mortgage Backed Securities (MBS) and other securitised exposures		
a. Residential	-	-
b. Commercial Real Estate	-	-
Total exposure to Real Estate sector (gross)	**3,89,222.85**	**2,11,280.67**

E. Customer Complaints

No. of complaints pending at the beginning of the year	-	-
No. of complaints received during the year	15	38
No. of complaints redressed during the year	15	38
No. of complaints pending at the end of the year	-	-

F. Exposure to Capital Market

The Company does not have any exposure to capital market and hence this disclosure is not applicable.

G. Concentration of Advances

Total Advances during the year to twenty largest borrowers	627.50	788.00
Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	0.26%	0.53%

H. Concentration of exposures

Total exposure to twenty largest borrowers	926.44	877.66
Percentage of exposures to twenty largest borrowers to Total exposure of the NBFC	0.24%	0.42%

I. Concentration of NPAs (Stage 3 assets)

Total exposure to top four NPA accounts	145.77	108.32

J. Ratings assigned by Credit Rating Agencies

The Credit Analysis & Research Limited (CARE), CRISIL Limited (CRISIL) and ICRA Limited (ICRA) have assigned ratings for the various facilities availed by the Company, details of which are given below:

Commercial Paper		
- CARE	A1	A1
Long term Bank Facilities		
- CARE	A	A
- ICRA	A	A
Short term bank facilities		
- CARE	A1	A1
Non Convertible Debentures		
- CARE	A	A
- ICRA	A	A
- CRISIL	BBB+	BBB+
Securitization		
- ICRA	AA+ (SO)/ AA- (SO)/AA(SO)	-

Particulars	Percentage of NPAs to total advances in that sector	
	As at March 31, 2020	As at March 31, 2019
K. Sector-wise Gross NPAs (Stage 3 assets)		
Agriculture & allied activities	-	-
MSME*	44.61%	29.93%
Corporate borrowers	-	-
Services*	1.55%	0.95%
Unsecured personal loans	-	-
Auto loans (commercial vehicles)	-	-
Other personal loans	0.88%	0.57%

* Represents small business loans given to borrowers involved in manufacturing/service sectors.

The above sector-wise NPA and advances is based on the data available with the company and filed with Reserve Bank of India, which has been relied upon by the auditors.

Particulars	As at March 31, 2020	As at March 31, 2019
L. Movement of NPAs (Stage 3 assets)		
Gross NPAs to Net Advances (%)	**1.37%**	**0.89%**
Net NPAs to Net Advances (%)	**1.13%**	**0.68%**
Movement of NPAs (Gross)		
(a) Opening balance	1,867.19	1,761.16
(b) Additions during the year	4,553.08	786.23
(c) Reductions during the year	(611.58)	(504.32)
(d) Write off	(486.06)	(175.88)
(d) Closing balance	5,322.63	1,867.19
Movement of Net NPAs		
(a) Opening balance	1,435.14	1,395.30
(b) Additions during the year	3,506.99	641.93
(c) Reductions during the year	(561.62)	(602.58)
(d) Closing balance	4,380.51	1,435.14
Movement of provisions for NPAs (excluding provisions on standard assets)		
(a) Opening balance	432.05	365.86
(b) Provisions made during the year	1,046.09	144.30
(c) Write-off / write-back of excess provisions	(536.02)	(78.11)
(d) Closing balance	942.12	432.05

M. Other Regulator - Registration details

Regulator	Registration No.
i. Ministry of Corporate Affairs	U65991TN1984PLC010844
ii. Reserve Bank of India	B-07.00286
iii. National Housing Bank*	05.0134.16

*Certificate of Registration has been surrendered to NHB on June 5, 2020

N. Disclosure of penalties imposed by RBI and other regulators

Company has paid a penalty of INR 15,000 to NHB during the year ended March 31, 2020 and Nil in March 31, 2019

O. Details of Single Borrower Limit (SGL)/ Group Borrower Limit (GBL)

The Company has not exceeded the prudential exposure limits during the year ended March 31, 2020 and March 31, 2019

P. Overseas assets (for those with joint ventures and subsidiaries abroad)

The Company does not have any joint ventures and subsidiaries abroad during the year ended March 31, 2020 and March 31, 2019 and hence this disclosure is not applicable.

Q. Details of financing of parent company products

The Company does not have a parent company and hence this disclosure is not applicable.

R. Details of non-performing financial assets purchased/ sold

The Company has not purchased any non-performing assets during the financial year ended March 31, 2020 and March 31, 2019.

S. Details of unsecured advances

The Company has not granted any advances against intangible securities (March 31, 2019: Nil).

T. Off-Balance Sheet SPVs sponsored

The Company does not have Off-Balance Sheet SPVs sponsored, which are required to be consolidated as per the accounting norms, during the financial year ended March 31, 2020 and March 31, 2019.

U. Remuneration to non-executive directors

The Company paid commission of INR 18 Lakhs and sitting fee of INR 12.50 lakhs during the year ended March 31, 2020 (March 31, 2019: Commission - INR 13.50 Lakhs, sitting fee - INR 11.05 lakhs)

V. Draw down from reserves

The Company has not made any draw down from reserves during the year ended March 31, 2020 and March 31, 2019.

₹ in Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
W. Provisions and Contingencies		
Category-wise Break up of 'Provisions and Contingencies' shown in the Statement of Profit and Loss		
Provisions for depreciation on investment	-	-
Provision towards non-performing assets*	996.42	241.56
Provision made towards income tax	10,056.07	6,977.77
Provision for compensated absences	379.48	148.50
Provision for gratuity	243.54	117.37
Provision for standard assets#	3,938.06	513.63

* Represents impairment loss allowance on stage 3 loans (Includes write-off of INR 486.06 lakhs (March 31, 2019 - INR 175.88 lakhs)

Represents impairment loss allowance on stage 1 and stage 2 loans.

X. Gold Loan Portfolio

The Company has not provided loan against gold during the year ended March 31, 2020 and March 31, 2019.

Y. Asset Liability Management - Maturity pattern of certain items of assets and liabilities

As at March 31, 2020

₹ in Lakhs

Particulars	Upto 1 month	Over 1 month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Liabilities									
Borrowings from Banks	2,341.42	2,436.19	2,405.62	6,837.51	13,553.82	35,943.95	14,071.03	-	77,589.54
Market Borrowings*	1,245.69	920.76	3,277.17	3,938.52	27,355.24	1,07,835.36	14,372.23	2,000.46	1,60,945.43
Assets									
Advances	4,721.32	2,063.73	2,099.79	6,464.20	28,255.60	1,24,413.99	1,41,019.11	85,853.50	3,94,891.24

As at March 31, 2019

₹ in Lakhs

Particulars	Upto 1 month	Over 1 month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Liabilities									
Borrowings from Banks	880.73	1,198.07	1,376.50	4,353.26	6,954.98	20,216.92	3,873.33	-	38,853.79
Market Borrowings*	433.97	645.45	1,227.06	1,549.14	5,669.26	23,166.15	24,846.92	88.79	57,626.74
Assets									
Advances	3,767.54	2,547.13	2,583.42	7,943.08	14,625.53	67,493.94	67,920.84	47,513.16	2,14,394.64

* Market borrowings include borrowings from all sources other than banks.

Notes:

- The balance are gross of impairment loss allowance (for stage 1 and stage 2 assets), accured interest and unamortised borrowing costs/ unamortised processing fee.
- The maturity pattern of advances as at March 31, 2020, represent estimated cashflows considering the moratorium given to the customers. Also refer note 51.
- The Company has obtained moratorium from the investors with respect to outstanding under securitisation arrangements. This has been given effect in maturity pattern of market borrowings as at March 31, 2020.

W. Disclosures in respect of fraud as per the Master Directions DNBS. PPD.01/66.15.001/2016-17, dated 29 September 2016

₹ in Lakhs

Particulars	Less than INR 1 Lakh		More than INR 1 Lakh less than INR 25 Lakh		Above INR 25 Lakh		Total	
	Number of Instances	₹ in lakhs	Number of Instances	₹ in lakhs	Number of Instances	₹ in lakhs	Number of Instances	₹ in lakhs
Person involved:								
Staff**	-	-	2	1.77	-	-	2	1.77
Outsiders	-	-	1	31.25	-	-	1	31.25
Total	**-**	**-**	**3**	**33.02**	**-**	**-**	**3**	**33.02**
Type of fraud:								
Cash Mishandling**	-	-	2	1.77	-	-	2	1.77
Others	-	-	1	31.25	-	-	1	31.25
Total	**-**	**-**	**3**	**33.02**	**-**	**-**	**3**	**33.02**

Note: **The amount has been recovered fully and the above frauds have already been disclosed to the RBI, wherever appicable.

AA. Disclosures Pursuant to Reserve Bank of India Guidelines on Securitisation Transactions RBI//2012-13/170 DNBS. PD. No. 301/3.10.01/2012-13 dated 21 August 2012 and Additional Disclosure pursuant to Reserve Bank of India notification DNBR (PD) CC. No.029/03.10.001/ 2014-15 dated April 10, 2015

Details of securitisation during the year Securitisation of Assets: ₹ in Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
No of Special Purpose Vehicle's (SPV's) sponsored by the NBFC for securitisation transactions (Nos.)	4	-
Total amount of securitised assets as per books of the SPVs sponsored by the NBFC#	33,395.95	-
Total amount of exposures retained by the NBFC to comply with Minimum Retention Ratio (MRR) as on the date of balance sheet		
a) Off-balance sheet exposures		
- First loss	-	-
- Others	-	-
b) On-balance sheet exposures		
- First loss	7,921.46	-
- Others	-	-
Amount of exposures to securitisation transactions other than MRR		
a) Off-balance sheet exposures		
i) Exposure to own securitisations		
- First loss	-	-
- Others	-	-
b) On-balance sheet exposures		
i) Exposure to own securitisations		
- First loss	-	-
- Others (Receivables from SPV's for Assets De-recognised)	-	-
ii) Exposure to third party securitisations		
- First loss	-	-
- Others	-	-

represents the value of securitised assets retained in the books of the NBFC as the assets were not de-recognised . Does not include value of overcollateralisation on loan assets.

The Company has neither entered into any assignment transaction nor sold financial assets to Securitisation / Reconstruction Company for Asset Reconstruction. Hence the related disclosures are not applicable.

AB. Disclosure relating to Securitisation pursuant to Reserve Bank of India notification DBOD. No.BP. 1502/21.04.048/ 2004-05 dated 1 February 2006*

Total number of contracts for loan assets securitised during the year	18,762	-
Book value of Loan assets securitised during the year*	39,886.34	-
Sale consideration received for securitised assets during the year	39,886.34	-
Gain/ Loss (if any) on sale of securitised loan assets	-	-
Quantum (Outstanding value) of service provided:	-	-
Credit Enhancement		
Fixed Deposit	2,405.63	-
Overcollateralisation	5,515.84	-

The securitised loans disclosed in the above notes (i.e 47-AA, 47-AB) do not qualify for de-recognition under Ind-AS. Nevertheless, the information in the notes is presented to ensure compliance with the RBI disclosure requirements.

* The value of overcollateralisation on loan assets, given as credit enhancement has not been considered here for the purpose of this disclosure.

The Company has neither entered into any assignment transaction nor sold financial assets to Securitisation / Reconstruction Company for Asset Reconstruction. Hence the related disclosures are not applicable.

AC. Disclosure pursuant to Reserve Bank of India notification DOR (NBFC).CC.PD.No No.109 /22.10.106/2019- 20 dated 13 March 2020 pertaining to Asset Classification as per RBI Norms

Comparison between Ind AS 109 provisions and IRACP norms
As at 31 March 2020

₹ in Lakhs

Asset Classification as per RBI norms	Asset Classification as per Ind AS 109	Gross carrying amount as per Ind AS	Loss allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provision required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
Performing assets						
Standard assets	Stage 1	3,43,232.28	1,661.41	3,41,570.87	1,373.10	288.31
	Stage 2	40,667.94	3,538.88	37,129.06	162.72	3,376.16
Subtotal		**3,83,900.22**	**5,200.29**	**3,78,699.93**	**1,535.82**	**3,664.47**
Non -Performing assets*						
Substandard	Stage 3	4,300.97	539.89	3,761.08	430.16	109.73
Doubtful						
Upto 1 year	Stage 3	720.64	101.21	619.43	144.23	(43.02)
1 to 3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful		**720.64**	**101.21**	**619.43**	**144.23**	**(43.02)**
Loss assets	Stage 3	301.02	301.02	-	301.02	-
Subtotal for NPA		**5,322.63**	**942.12**	**4,380.51**	**875.41**	**66.71**
Other items	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal for other items		**-**	**-**	**-**	**-**	**-**
Total		**3,89,222.85**	**6,142.41**	**3,83,080.44**	**2,411.23**	**3,731.18**

As at 31 March 2019

₹ in Lakhs

Asset Classification as per RBI norms	Asset Classification as per Ind AS 109	Gross carrying amount as per Ind AS	Loss allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provision required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
Performing assets						
Standard assets	Stage 1	1,87,882.35	276.63	1,87,606.03	751.52	(474.87)
	Stage 2	21,533.13	985.59	20,545.19	86.12	899.47
Subtotal		**2,09,413.48**	**1,262.22**	**2,08,151.23**	**837.64**	**424.60**
Non -Performing assets*						
Substandard	Stage 3	971.48	226.11	745.37	97.15	128.96
Doubtful						
Upto 1 year	Stage 3	533.36	123.35	410.05	106.68	16.65
1 to 3 years	Stage 3	281.62	64.21	217.41	84.49	(20.28)
More than 3 years	Stage 3	80.73	18.38	62.35	40.37	(21.98)
Subtotal for doubtful		**895.71**	**205.94**	**689.81**	**231.53**	**(25.61)**
Loss assets	Stage 3	-	-	-	-	-
Subtotal for NPA		**1,867.19**	**432.05**	**1,435.18**	**328.67**	**103.35**
Other items	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal for other items		**-**	**-**	**-**	**-**	**-**
Total		**2,11,280.67**	**1,694.26**	**2,09,586.40**	**1,166.32**	**527.95**

* The base amount considered for computation of provision required as per IRACP norms also include interest accrued on stage 3 assets

In terms of the requirement as per RBI notifications no. RBI/2019-20/170 DOR (NBFC).CC. PD No. 109/22.10.106/2019-20 dated March 13, 2020 on implementation of Indian accounting standards, Non-Banking Financial Companies (NBFCs) are required to create an impairment reserve for any shortfall in impairment allowances under Ind AS 109 and Income recognition, Asset Classification and Provisioning (IRACP) Norms (including provision on standard assets). The impairment allowances under Ind AS 109 made by the Company exceeds the total provision required under IRACP (including standard asset provisioning as at March 31, 2020 and accordingly, no amount is required to be transferred to impairment reserve. Also refer note 51.

AD. Disclosure pursuant to Reserve Bank of India Circular DOR.No.BP.BC.63/21.04.048/2020-21 dated 17 April 2020 pertaining to Asset Classification and Provisioning in terms of COVID19 Regulatory Package

Details of moratorium to SMA/overdue categories

₹ in Lakhs

Particulars	As at March 31, 2020
Respective amounts in SMA/overdue categories, where the moratorium/deferment was extended	-
Respective amount where asset classification benefits is extended	-
General provision made*	-
General provision adjusted during the period against slippages and the residual provisions	-

The Company has granted moratorium up-to two months on the payment of installments falling due between April 1, 2020 and May 31, 2020 to all eligible borrowers on a suo-moto basis. There are no accounts for which the moratorium has been extended as at March 31, 2020.

48. Disclosure under clause 28 of the Listing Agreement for Debt Securities

₹ in Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Loans and advances in the nature of loans to subsidiaries	-	-
Loans and advances in the nature of loans to associates	-	-
Loans and advances in the nature of loans where there is -		
(i) no repayment schedule or repayment beyond seven years	-	-
(ii) no interest or interest below section 186 of Companies Act, 2013	-	-
Loans and advances in the nature of loans to firms/companies in which directors are interested	-	-

49. Disclosure under clause 16 of the Listing Agreement for Debt Securities

All debentures are secured by pari passu charge on immoveable property and exclusive first charge on book debts.

50. Amalgamation with Five-Star Housing Finance Private Limited - wholly owned subsidiary

During the year ended March 31, 2020, the Company vide its board meeting dated August 29, 2019 had approved the Scheme of Amalgamation ("the Scheme") of its wholly owned subsidiary - Five-Star Housing Finance Private Limited, which was in the business of providing long term housng finance, with the Company and their respective shareholders under sections 233 of the Act and other applicable provisions of the Act. The appointed date under the aforesaid Scheme is April 1, 2019. This scheme has been approved by the regulatory authorities. As required by the IND AS 103 - Business Combinations, pooling of interest method has been considered for common control business combination and accordingly, the assets and liabilities are reflected in the books of the Company at their respective carrying amounts. Further, in accordance with Ind AS 103 - Business Combinations, financial statements have been restated from April 1, 2018.

51. Impact of Covid 19

The outbreak of COVID-19 pandemic and consequent lockdown has severely impacted various activities across the country. The impact of COVID-19 on the economy is uncertain and would also be dependent upon future developments including various measures taken by the Government, Regulator, responses of businesses, consumers etc. Hence, the extent to which COVID-19 pandemic will impact the company's business, cash flows and financial statements, is dependent on such future developments, which are highly uncertain.

In accordance with the Board approved moratorium policy read with the Reserve Bank of India (RBI) guidelines dated March 27, 2020 and April 17, 2020 relating to 'COVID-19 – Regulatory Package', the Company has granted moratorium up-to two months on the payment of installments falling due between April 1, 2020 and May 31, 2020 to all eligible borrowers on a suo-moto basis in accordance with the Company's policy approved by its Board. Further pursuant to the RBI notification dated May 23, 2020 the moratorium is being extended for a further period of three months in accordance with the Company's policy approved by its Board. Having regard to the guidance provided by the RBI and the Institute of Chartered Accountants of India, in the assessment of the Company, extension of such moratorium benefit to borrowers as per the COVID-19 Regulatory Package of the RBI by itself is not considered to result in significant increase in credit risk as per Ind AS 109. The Company continues to recognise interest income during the moratorium period and in the absence of other credit risk indicators, the granting of a moratorium period does not result in accounts becoming past due and automatically triggering Stage 2 or Stage 3 classification criteria.

Estimates and associated judgments / assumptions applied in preparation of these financial results including determining the impairment loss allowance are based on a combination of historical experience and emerging / forward looking indicators resulting from the pandemic. In addition to the early indicators available during the moratorium period, the company has also used potential stress on probability of default and exposure at default on the expected credit losses on loans and accordingly recognized an expected credit loss on loans of INR 4,934 lakhs including an additional impairment provision amounting to INR 2,695 lakhs during the year. Further, the disclosure in these financial statements are made after considering the moratorium benefits and estimated cash inflows and outflows which are based on the current understanding / arrangement with its customers / lenders.The Company believes that it has considered all the possible impact of the currently known events arising out of COVID-19 pandemic in the preparation of financial statements including financial resources, profitability, liquidity position and internal financial controls. However, since the impact assessment of COVID-19 is a continuing process given its uncertainty in nature and duration, this may have corresponding impact in the financial position in future. The Company will continue to monitor any material changes to the future economic conditions.

52. Disclosure of Specified Bank Notes ('SBN')

The disclosures regarding details of specified bank notes held and transacted during November 8, 2016 to December 30, 2016 has not been made in these financial statements since the requirement does not pertain to financial year ended March 31, 2020.

53. Events after the reporting period

Ind AS10 'Events after the Reporting Period', requires an entity to evaluate information available after the balance sheet date to determine if such information constitutes an adjusting event, which would require an adjustment to the financial statements, or an on-adjusting event, which would only require disclosure.

The outbreak of COVID-19 pandemic across the globe and in India has contributed to a significant decline and volatility in the global and Indian financial markets and slow down in the economic activities. RBI vide its notification bearing no. RBI/2019-20/244DOR.No.BP.BC.71/21.04.048/2019-20 COVID-19 Regulatory Package dated May 23, 2020 have permitted to grant further moratorium of three months on the payment of all principal amounts and / or interest, as applicable, falling due between June 1, 2020 and August 31, 2020 to its borrowers. The same is considered as non-adjusting event.

54. Previous year figures

Prior year figures have been reclassified / regrouped wherever necessary to conform to the current year's classification / disclosure.

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

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

K Raghuram
Partner
Membership No: 211171

D Lakshmipathy
Chairman & Managing Director
DIN No : 01723269

R Anand
Director
DIN No : 00243485

G Srikanth
Chief Financial Officer

K Rangarajan
Chief Executive Officer

B Shalini
Company Secretary
ACS: A51334

Place : Chennai
Date : June 10, 2020

FIVE STAR
Business Finance Limited

Five-Star Business Finance Limited
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Phone: 044-46106200