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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 Matters (Continued)

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 customers, the forward looking macro-economic factors, economic environment and the timing of cash flows, impact of the pandemic on its customers and their ability to repay dues.	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.

Key Audit Matters (Continued)

Key Audit Matter	How the matter was addressed in our audit
Impairment of loans – refer Note 6 and 51 to the financial statements (Continued)	
• 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.	• 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.

Information Other than the Financial Statements and Auditors' Report Thereon (Continued)

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 Directors' 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.

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

- 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.

Report on Other Legal and Regulatory Requirements (Continued)

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.

Report on Other Legal and Regulatory Requirements (Continued)

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

Place: Chennai
Date: 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:

Name of the statute	Nature of the dues	Amount (In Rs.)	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)

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

(ix) In our opinion and according to the information and explanations given to us, the Company has not raised any money by way of initial public offer or further public offer (including debt instruments). However, the Company has raised term loans during the year. In our opinion and according to the information and explanations given to us, the term 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: 101248W / W-100022

K Raghuram
Partner
Membership No. 211171
UDIN: 20211171AAAABL1046

Place: Chennai
Date: 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.

Auditors' Responsibility (Continued)

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
Place: Chennai
Date: 10 June 2020

Five-Star Business Finance Limited
Balance Sheet as at March 31, 2020
(All amounts are in Indian Rupees in lakhs, except share data and stated otherwise)

Particulars	Note	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
		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
		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
		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
		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
		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

K Raghuram
Partner
Membership No: 211171

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

D Lakshmipathy
Chairman and Managing Director
DIN No : 01723269

R Anand
Director
DIN No : 00243485

G Srikanth
Chief Financial Officer

K Rangarajan
Chief Executive Officer

B. Shalini
B Shalini
Company Secretary
ACS: A51334

Place : Chennai
Date : June 10, 2020

Place : Chennai
Date : June 10, 2020

Five-Star Business Finance Limited
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)

Particulars	Note	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 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)
		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 (face value 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

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 and Managing Director
DIN No : 01723269

R Anand
Director
DIN No : 00243485

G Srikanth
Chief Financial Officer

K Rangarajan
Chief Executive Officer

B.Shalini

B Shalini
Company Secretary
ACS: A51334

Place : Chennai
Date : June 10, 2020

Five-Star Business Finance Limited
Statement of Cash Flow for the year ended March 31, 2020
(All amounts are in Indian Rupees in lakhs, except share data and stated otherwise)

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
Provisions	52.56	148.15
Other financial liabilities	5.89	(1.09)
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 equivalents	(15,904.28)	1.09
Net Cash from 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 from Financing Activities (C)	**1,72,533.59**	**1,02,519.11**
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**

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Five-Star Business Finance Limited
Statement of Cash Flow for the year ended March 31, 2020 (Continued)
(All amounts are in Indian Rupees in lakhs, except share data and stated otherwise)

Particulars	As at March 31, 2020	As at March 31, 2019
Notes		
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
	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

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 and Managing Director
DIN No : 01723269

R Anand
Director
DIN No : 00243485

B. Shalini

G Srikanth
Chief Financial Officer
Place : Chennai
Date : June 10, 2020

K Rangarajan
Chief Executive Officer

B Shalini
Company Secretary
ACS: A51334

Five-Star Business Finance Limited
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)

A Equity share capital

Particulars	Number of shares	Amount
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	Total
	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 for the year	-	-	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	-	1,34,122.85
Premium received on shares issued during the year	-	31,755.27	-	-	-	-	31,755.27
Total comprehensive income for the year	-	-	-	-	26,195.04	(111.35)	26,083.69
Transfer to statutory reserve	5,239.01	-	-	-	(5,239.01)	-	-
Transfer to retained earnings	-	-	-	-	(111.35)	111.35	-
Share based payment expense for the year	-	-	168.03	-	-	-	168.03
Utilised on issue	-	-	(230.00)	-	-	-	(230.00)
As at March 31, 2020	10,861.82	1,39,069.20	428.30	719.60	40,820.92	-	1,91,899.84

Significant accounting policies 2 and 3
See accompanying notes to the financial statements

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

K Raghuram
Partner
Membership No: 211171

Place : Chennai
Date : June 10 ,2020

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

D Lakshmipathy
Chairman and Managing Director
DIN No : 01723269

R Anand
Director
DIN No : 00243485

G Srikanth
Chief Financial Officer
Place : Chennai
Date : June 10, 2020

K Rangarajan
Chief Executive Officer

B. Shalini
B Shalini
Company Secretary
ACS: A51334

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 changes are made and, if material, their effects are disclosed in the notes to the financial statements.

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2.5 Use of estimates and judgements (continued)

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 is included in the following notes:

i) Business model assessment

Classification and measurement of financial assets depends on the results of business model and the solely payments of principal and interest ("SPPI") test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is 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.

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2.5 Use of estimates and judgements (continued)

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.

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3.1 Revenue Recognition (Continued)

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

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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.

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3.3 Financial assets and liabilities (Continued)

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)

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

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FIVE-STAR BUSINESS FINANCE LTD. CHENNAI 600 010

3.6 Impairment of financial assets (Continued)

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).

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3.7 Write-offs

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

3.8 Determination of fair value

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

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

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

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

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

3.9 Foreign currency transactions

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

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

3.10 Property, plant and equipment

i. Recognition and measurement

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

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

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

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

ii. Subsequent expenditure

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

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3.10 Property, plant and equipment (Continued)

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.

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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.

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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 April 1, 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.

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3.15 Income tax

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

i. Current tax

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

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

ii. Deferred tax

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

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

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

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

3.16 Borrowing cost

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

3.17 Cash and cash equivalents

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

3.18 Segment reporting- Identification of segments:

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

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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 Standards 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.

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	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
		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
		16,134.94	**6.88**

Note :

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

	Particulars	As at March 31, 2020	As at March 31, 2019
6	**Loans (At amortised 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
		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.

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

	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
		548.62	**363.81**
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
		662.40	**292.69**
	To related parties	-	-
	Others	662.40	292.69
		662.40	**292.69**

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Particulars	As at March 31, 2020	As at March 31, 2019
14 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 - 0) 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
	1,09,131.88	**43,597.22**
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**

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	Particulars	As at March 31, 2020	As at March 31, 2019
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
		1,29,403.09	52,883.32
	Less: Unamortised processing fee	(920.20)	(231.14)
		1,28,482.89	**52,652.18**
	Borrowings in India	1,28,482.89	52,652.18
	Borrowings outside India	-	-
		1,28,482.89	**52,652.18**

Loans repayable on demand includes 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 repayments with respect to any of its 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	-
		1,568.10	**6.88**
17	**Current tax liabilities (net)**		
	Provision for tax (net)	74.80	162.17
		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
		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 straight lining	-	57.75
		1,605.12	**1,629.19**

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

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

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)								
As at March 31, 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	-	862.95
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**	**2,179.90**	-	**2,179.90**
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**
Additions / Transfer-in	100.42	250.33	54.75	5.78	88.46	499.74	-	499.74
Disposals / Transfer-out	2.81	-	0.02	-	-	2.83	-	2.83
As at March 31, 2020	**206.83**	**462.49**	**102.10**	**26.41**	**275.98**	**1,073.81**	-	**1,073.81**
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	1,106.09	-	1,106.09

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

12 Intangible assets and intangibles under development

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

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

Particulars	Repayment terms	Tenor	Earliest installment date	As at March 31, 2020	As at March 31, 2019
Secured debentures					
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	March 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	February 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 half-yearly installments Coupon payment frequency: half-yearly	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	20,022.56
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: half-yearly	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: half-yearly	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: half-yearly	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: half-yearly	72 months	August 28, 2025	12,641.63	-
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	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	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	36 months	December 12, 2015	0.14	0.14
				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 1.20 times of the outstanding amount at any point of time.

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

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	1,323.91
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 half-yearly 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	-
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
				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 9.36% p.a to 11.60% p.a (March 31, 2019 - 9.36% p.a to 11.50% p.a)

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

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 42 monthly installments	48 months	June 30, 2018	714.28	1,000.00
Term loans from others - 18*	Repayable in 33 monthly installments	35 months	August 16, 2019	6,439.89	-
Term loans from others - 19*	Repayable in 59 monthly installments	59 months	September 17, 2019	8,132.78	-
Term loans from others - 20*	Repayable in 64 monthly installments	65 months	February 17, 2020	12,780.24	-
Term loans from others - 21*	Repayable in 40 monthly installments	40 months	March 21, 2020	6,735.41	-
				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)

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Particulars	As at March 31, 2020	As at March 31, 2019
20 Equity share capital		
Authorised		
55,000,000 shares (March 31, 2019 - 30,000,000) of INR 10 each	3,000.00	3,000.00
Issued, subscribed and paid up		
25,410,294 shares (March 31, 2019 - 23,899,582) of INR 10 each fully paid	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 to the extent the shares are paid up, 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 schemes 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	% 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	% 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

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	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	-	-
		1,91,899.84	**1,34,122.85**

	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 7.91 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.

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	Particulars	As at March 31, 2020	As at March 31, 2019
21	**Other Equity (Continued)**		
iv	**General reserve**		
	Opening balance	719.60	719.60
	Amount transferred from surplus in the statement of profit and loss	-	-
	Closing balance	**719.60**	**719.60**

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

v	**Retained earnings**		
	Opening balance	19,976.24	7,481.78
	Net Profit for the year	26,195.04	15,665.73
	Less: 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.

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.

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	Particulars	Year ended March 31, 2020	Year ended 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
		1,018.22	**589.94**
	Fair value changes		
	Realised	1,018.22	589.94
	Unrealised	-	-
		1,018.22	**589.94**
25	**Other income**		
	Other non-operating income	63.25	1.86
		63.25	**1.86**
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	3,971.30
	Interest on lease liability	167.76	-
	Interest on current tax liability	71.58	-
		21,693.51	**7,592.20**

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

	Particulars	Year ended March 31, 2020	Year ended March 31, 2019
27	**Fees expenses**		
	Amortisation of ancillary costs relating to borrowings	42.52	94.77
		42.52	**94.77**

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	Particulars	Year ended March 31, 2020	Year ended March 31, 2019
28	**Impairment on financial instruments**		
	(On financial assets measured at amortised cost)		
	Impairment loss allowance on loans*	4,934.19	755.18
		4,934.19	**755.18**
	* Includes write-off of INR 486.06 lakhs (March 31, 2019 - INR 175.88 lakhs)		
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
		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	-
		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 31.1)	47.12	27.56
	Legal and professional charges	1,389.62	679.09
	Insurance	14.29	9.01
	Corporate social responsibility expenses (Refer note 31.2)	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
		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
		47.12	**27.56**

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

	Particulars	Year ended March 31, 2020	Year ended March 31, 2019
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)	-
		10,056.07	6,977.77
	ii. Deferred tax		
	Attributable to–		
	Origination and reversal of temporary differences	(1,321.06)	(799.16)
		(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
	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 rate (refer note below)	194.35	5.96
	Others	(7.32)	(21.02)
	Income tax expense recognised in statement of profit and loss (Pertaining to current year)	**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.

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

	Particulars	As at March 31, 2020	As at March 31, 2019
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 February 28, 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.	-	-

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	-
	2,822.96	1,464.46

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

36 Deferred tax assets / (liability) (Continued):

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

	Opening Balance	Recognised in profit of loss	Recognised in other comprehensive income	Closing Balance
For the year ended 31 March, 2020 :				
Difference between written down value of fixed assets as per books of accounts and income tax	69.52	25.67	-	95.19
Employee Benefits	159.30	107.17	37.45	303.92
Preliminary expense	1.06	(1.06)	-	-
Impairment 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

	Opening Balance	Recognised in profit of loss	Recognised in other comprehensive income	Closing Balance
For the year ended 31 March, 2019 :				
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 expenses	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 Ind AS 116, the Company applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The standard provides specific transition requirements and practical expedients, which have been applied by the Company.

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

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

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

Effective April 1, 2019, the Company 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.

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

37 Leases (Continued)

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.

i) Movement in carrying value of right of use assets

Particulars	Year ended March 31, 2020
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

Particulars	Year ended March 31, 2020
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

Particulars	Year ended March 31, 2020
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)

iv) Future lease commitments

Particulars	As at March 31, 2020
Future undiscounted lease payments to which leases is not yet commenced	38.59

v) Cash flows

Particulars	As at March 31, 2020
Total cash outflow for leases	546.29

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37 Leases (Continued)

vi) Maturity analysis of undiscounted lease liabilities

Particulars	As at March 31, 2020
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

Particulars	As at March 31, 2020
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.

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

38 Earnings per share

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
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	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.

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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.

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)**

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

B Defined benefit plans (Continued)

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 end of the year	**501.04**	**255.65**

Expense recognized in profit or loss

Current service cost	85.82	53.40
Net Interest cost	8.92	10.42
	94.74	**63.82**

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)	-
	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 (asset) 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

Gratuity	**31-Mar-20**	**31-Mar-19**	**31-Mar-18**	**31-Mar-17**	**31-Mar-16**
Defined benefit obligation	(247.10)	255.65	141.72	65.39	44.29
Fair value of plan assets	253.94	-	-	-	-
Deficit in plan	6.84	(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	228.26	(12.07)
-1% decrease	282.24	13.20
Future salary growth		
-1% increase	280.14	12.01
-1% decrease	229.37	(11.27)
Attrition rate		
-1% increase	238.78	(6.72)
-1% decrease	270.26	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

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41 Share Based Payments

A Description of schemes

The decision to introduce Five-Star Associate Stock Option Scheme, 2015 (hereinafter called "FIVE-STAR ASOP, 2015" 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

	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:

	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

	Year ended March 31, 2020	Year ended 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:

	Year ended March 31, 2020	Year ended March 31, 2019
Share price on Grant date (INR)	2,128.91	698.00
Weighted average share price (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%

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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 August 3, 2018)
TPG Asia VII SF Pte. Ltd.(from 29 August 2019)
M/s.NHPEA Chocolate Holding B.V. (upto 29 August 2019)

b Key management personnel compensation	Year ended March 31, 2020	Year ended March 31, 2019
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.

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

42 Related party disclosures (Continued)

c Details of related party transactions

Nature of transaction	Year ended March 31, 2020	Year ended March 31, 2019
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

Nature of transaction	Year ended March 31, 2020	Year ended March 31, 2019
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

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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.

	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.

	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 I 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.

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

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 were as follows:

	Carrying amount			
Particulars	**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	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 were as follows:

	Carrying amount			
Particulars	**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	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.

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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.

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	2,476.22	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
	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
	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**
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
	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
	2,211.19	**46.34**	**2,257.53**	**2,152.97**	**14.65**	**2,167.62**
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

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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

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:

	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
	5,83,665.72	2,74,649.45
Variable rate instruments		
Financial assets	-	-
Financial liabilities	67,782.69	31,964.26
	67,782.69	31,964.26

Cash flow sensitivity analysis for variable-rate instruments:

	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	(22.47)	22.47	(15.93)	15.93
Cash flow sensitivity (net)	(22.47)	22.47	(15.93)	15.93

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46 Financial risk management objectives and policies (Continued)

(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.

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46 Financial risk management objectives and policies (Continued)

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.

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46 Financial risk management objectives and policies (Continued)

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:

	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:

	31-Mar-20				31-Mar-19			
Particulars	**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:

	31-Mar-20				31-Mar-19			
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/write off 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**

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46 Financial risk management objectives and policies (Continued)

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:

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.

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
	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 :

	As at March 31, 2020	As at March 31, 20219
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 overdrawn anytime and may be terminated ay time without notice.

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46 Financial risk management objectives and policies (Continued)

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:

	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**

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FIVE-STAR BUSINESS FINANCE LTD. CHENNAI 600 010 *

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

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

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	
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	-	-	-	-

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		
(i) Leased assets including lease rentals under Receivables		
a. Financial lease	-	-
b. Operating lease	-	-
(ii) Stock on hire including hire charges under Receivables		
a. Assets on hire	-	-
b. Repossessed assets	-	-
(iii) Other loans counting towards AFC activities		
a. Loans where assets have been repossessed (net)	-	-
b. Loans other than (i) above	-	-
5 Break-up of Investments		
a Current Investments		
1 Quoted		
i. Shares		
a. Equity	-	-
b. Preference	-	-
ii. Debentures and Bonds	-	-
iii. Units of Mutual Funds	-	-
iv. Government Securities	-	-
v. Others	-	-
2 Unquoted		
i. Shares		
a Equity	-	-
b Preference	-	-
ii. Debentures and Bonds	-	-
iv. Government Securities	-	-
v. Others	-	-

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Five-Star Business Finance Ltd. Chennai 600 010

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

47 Disclosures required as per RBI Circulars/Directives (continued)

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 (Continued)

Particulars	Amount Outstanding as on March 31, 2019	Amount Outstanding as on March 31, 2018
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		
1 Equity	-	-
2 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

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)

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	-	-	-	-

8 Other Information

Particulars	As at March 31, 2020	As at March 31, 2019
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	-	-

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

47 Disclosures required as per RBI Circulars/Directives (continued)

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

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

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
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

Particulars	As at March 31, 2020	As at March 31, 2019
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

Particulars	As at March 31, 2020	As at March 31, 2019
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%

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

47 Disclosures required as per RBI Circulars/Directives (continued)

Additional Disclosure pursuant to Reserve Bank of India notification DNBR (PD) CC. No.029/03.10.001/2014-15 dated April 10, 2015 (continued)

H Concentration of exposures

Particulars	As at March 31, 2020	As at March 31, 2019
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)

Particulars	As at March 31, 2020	As at March 31, 2019
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:

Particulars	As at March 31, 2020	As at March 31, 2019
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)	-

K Sector-wise Gross NPAs (Stage 3 assets)

Sector	Percentage of NPAs to total advances in that sector	
	31-Mar-20	31-Mar-19
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

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

47 Disclosures required as per RBI Circulars/Directives (continued)

Additional Disclosure pursuant to Reserve Bank of India notification DNBR (PD) CC. No.029/03.10.001/2014-15 dated April 10, 2015 (continued)

L Movement of NPAs (Stage 3 assets)

Particulars	As at March 31, 2020	As at March 31, 2019
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)	(602.08)
(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.

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FIVE-STAR BUSINESS FINANCE LTD. CHENNAI 600 010

47 Disclosures required as per RBI Circulars/Directives (continued)

Additional Disclosure pursuant to Reserve Bank of India notification DNBR (PD) CC. No.029/03.10.001/ 2014-15 dated April 10, 2015

U Remuneration to non-executive directors

The Company has 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.

W Provisions and Contingencies

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
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	242.06
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#	3,938.07	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.

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FIVE-STAR BUSINESS FINANCE LTD. CHENNAI 600 010

47 Disclosures required as per RBI Circulars/Directives (continued)

Additional Disclosure pursuant to Reserve Bank of India notification DNBR (PD) CC. No.029/03.10.001/ 2014-15 dated April 10, 2015 (Continued)

Y Asset Liability Management - Maturity pattern of certain items of assets and liabilities

As at March 31, 2020

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	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

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	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 balances are gross of impairment loss allowance (for stage 1 and stage 2 assets), accrued 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.

Z Disclosures in respect of fraud as per the Master Directions DNBS. PPD.01/66.15.001/2016-17, dated September 29, 2016

Particulars	Less than INR 1 Lakh		More than INR 1 Lakh less than INR 25 Lakh		Above INR 25 Lakh		Total	
	Number of Instances	Rs. in lakhs	Number of Instances	Rs. in lakhs	Number of Instances	Rs. in lakhs	Number of Instances	Rs. 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

** The amount has been recovered fully and the above frauds have already been disclosed to the RBI, wherever applicable.

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

47 Disclosures required as per RBI Circulars/Directives (continued)

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 August 21, 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:

S.No.	Particulars	As at March 31, 2020	As at March 31, 2019
1	No of Special Purpose Vehicle's (SPV's) sponsored by the NBFC for securitisation transactions (Nos.)	4	-
2	Total amount of securitised assets as per books of the SPVs sponsored by the NBFC#	33,395.95	-
3	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	-	-
4	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 February 01, 2006*

S.No.	Particulars	Year ended March 31, 2020	Year ended March 31, 2019
1	Total number of contracts for loan assets securitised during the year	18,762	-
2	Book value of Loan assets securitised during the year*	39,886.34	-
3	Sale consideration received for securitised assets duringthe year	39,886.34	-
4	Gain/ Loss (if any) on sale of securitised loan assets	-	-
5	Quantum (Outstanding value) of service provided:		-
	Credit Enhancement		-
	Fixed Deposit	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.

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

AC **Disclosure pursuant to Reserve Bank of India notification DOR (NBFC).CC.PD.No No.109 /22.10.106/2019- 20 dated March 13, 2020 pertaining to Asset Classification as per RBI Norms**

Comparison between Ind AS 109 provisions and IRACP norms

As at 31 March 2020

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**

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AC Disclosure pursuant to Reserve Bank of India notification DOR (NBFC).CC.PD.No No.109 /22.10.106/2019- 20 dated March 13, 2020 pertaining to Asset Classification as per RBI Norms (Continued)

As at 31 March 2019

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	1,87,880.35	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 April 17, 2020 pertaining to Asset Classification and Provisioning in terms of COVID19 Regulatory Package

Details of moratorium to SMA/overdue categories

S.No.	Particulars	As at March 31, 2020
1	Respective amounts in SMA/overdue categories, where the moratorium/defermentwas extended	-
2	Respective amount where asset classification benefits is extended	-
3	General provision made*	-
4	General provision adjusted during the period against slippages and the residualprovisions	-

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.

B S R & Co. LLP Chartered Accountants

Five-Star Business Finance Ltd. Chennai 600 010

48 Disclosure under clause 28 of the Listing Agreement for Debt Securities

S.No.	Particulars	As at March 31, 2020	As at March 31, 2019
1	Loans and advances in the nature of loans to subsidiaries	-	-
2	Loans and advances in the nature of loans to associates	-	-
3	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	-	-
4	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 housing finance, with the Company and their respective shareholders under sections 233 of the Act and other applicable provisions of the Act. The appointed date under the aforesaid Scheme is April 1, 2019. This scheme has been approved by the regulatory authorities. As required by the IND AS 103 - Business Combinations, pooling of interest method has been considered for common control business combination and accordingly, the assets and liabilities are reflected in the books of the Company at their respective carrying amounts. Further, in accordance with Ind AS 103 - Business Combinations, financial statements have been restated from April 1, 2018.

51 Impact of Covid 19

The outbreak of COVID-19 pandemic and consequent 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. 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.

B S R & Co. LLP * Chartered Accountants *

Five Star Business Finance Ltd. CHENNAI 600 010

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 AS 10 Events after the Reporting Period, requires an entity to evaluate information available after the balance sheet date to determine if such information constitutes an adjusting event, which would require an adjustment to the financial statements, or an on-adjusting event, which would only require disclosure.

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 has been 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

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 and Managing Director
DIN No : 01723269

R Anand
Director
DIN No : 00243485

G Srikanth
Chief Financial Officer

K Rangarajan
Chief Executive Officer

B. Shalini

B Shalini
Company Secretary
ACS: A51334

Place : Chennai
Date : June 10, 2020