FIVE STAR
Business Finance Limited

FIVE STAR RISING

Annual Report
2021 - 2022

Vision

Reaching the Unreached through suitable credit solutions

Mission

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

Corporate Information

Board of Directors

Lakshmipathy Deenadayalan
Anand Raghavan
Srinivasaraghavan T T
Bhama Krishnamurthy
Ramkumar Ramamoorthy*
Vikram Vaidyanathan
Ravishankar G V
Thirulokchand Vasan

Board Observers

Niren Shah
Sanjeev Mehra
Rohan Suri

Key Managerial Personnel

Rangarajan Krishnan, Chief Executive Officer
Srikanth Gopalakrishnan, Chief Financial Officer
Shalini Baskaran, Company Secretary

Statutory Auditors

S R Batliboi & Associates LLP
6^{th} Floor, A Block, Tidel Park,
No:4, Rajiv Gandhi Salai, Taramani, Chennai 600 113

Internal Auditors

Sundaram & Srinivasan
23, C P Ramaswamy Road,
Alwarpet, Chennai 600 018

Secretarial Auditors

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

Registered Office

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

Registrar & Transfer Agents

KFin Technologies Limited
(Unit: Five-Star Business Finance Limited)
Selenium, Tower B, Plot No 31 and 32, Financial District,
Nanakramguda, Serilingampally, Hyderabad,
Rangareddi 500 032, Telangana, India
Phone: 040-67162222 | Email: einward.ris@kfintech.com

NSDL Database Management Limited
4^{th} Floor, Trade World, 'A' Wing, Kamala Mills
Compound, Senapati Bapat Marg, Lower Parel,
Mumbai – 400013
Phone: 022-4914 2591 | Email: nileshb@nsdl.co.in

**Appointed w.e.f June 08, 2022*

CONTENTS

CHAIRMAN'S MESSAGE

Message from the Chairman & Managing Director

Dear Shareholders,

The last few years have taught me a very important trait that defines the success of an institution – the need to remain nimble and flexible in the face of challenges. Every year has been challenging us in different ways and it is extremely important that we remain flexible enough to make the necessary adjustments to face them and win over them. These challenges make life all the more interesting and exciting. FY2022 was no different!!!

To begin with, FY2022 saw the onset of the second wave of COVID, which was much more pronounced and sharper than the first wave. Along with affecting a much larger population than the first wave, the second wave was also much more severe as compared to the first wave. Hospitalisations and casualties spiked; medical facilities across the length and breadth of the country crippled; and needless to say, this wave also had a temporary impact on the financial position of Five Star borrowers. Also, unlike the first wave, there was no regulatory forbearance from RBI and the institutions were left to manage the impact through restructuring.

Additionally, FY2022 also saw a plethora of regulatory pronouncements which would have far-reaching implications on the entire NBFC industry. Harmonising the regulations across banks and NBFCs seems to be the intent of the RBI and these regulations are the steps in that direction. While I am of the firm view that these are beneficial to strong NBFCs in the long term, there will definitely be some short-term implications, which we will need to tide over. But I am confident that we are well-placed to face these regulations and emerge in a much stronger manner.

On the whole, FY2022 was again one that was filled with uncertainties and ambiguities, but I am happy to say that we managed to overcome all the challenges and emerged successful.

a. Once we realised that the second wave of COVID is likely to cause a significant impact, we went into a war-footing mode on collections. Business took a backseat and Collections assumed predominant importance. And the results are there for all of us to see – an overall collection efficiency of about 98% for the year, despite major setback in the first quarter.

b. RBI came out with modifications to the NPA recognition and upgradation guidelines, which will become effective from October 01, 2022. Given our client profile and collections methodology, this would have had a significant impact if we don't take the right steps to educate the customers and influence their payment behaviour. Through appropriate measures, we have been able to influence borrower behaviour and I am happy to inform you that we are seeing a predominant portion of the borrowers paying up their dues by the due rather than missing the due date.

c. Once we were confident that the COVID impact was behind us, we pressed the pedal on business and disbursals leading to disbursal of about INR 644 Crores during the last quarter of the financial year.

Another milestone event that happened during the financial year was the filing of our Draft Red Herring Prospectus with SEBI in November 2021. We got the approval from SEBI and also met up with a number of investors as part of roadshow meetings, and the investors were very impressed with the differentiated business model and performance of your Company. Ideally, we should have been a listed entity by now, but despite the Company's strength across various parameters, the global headwinds dented investor sentiments leading to extreme market volatility and deferment of our listing plans. We will keep monitoring the market and investor sentiment and take a call that would be in the best interests of all the stakeholders.

Despite all the challenges that came our way, your Company managed to achieve some of the best results during the financial year ended March 31, 2022.

- *Disbursal of over INR 1,750 crores along with the borrower base crossing 2 lakhs during the year.*
- *Your Company also saw its portfolio growing from INR 4,445 crores to INR 5,067 crores, an increase of 14% in a difficult year.*
- *Growth in Profit after Tax (PAT) from INR 359 crores to INR 454 crores, an increase of over 25%.*
- *Gross Stage 3 assets of 1.05%, which I am sure would be one of the best asset qualities across the financial services industry. This was achieved even though there was no regulatory forbearance provided except for minimal restructuring undertaken by the Company.*

I am very confident that, with the impact of the pandemic receding, we will definitely get back into the growth mode. We have all the ingredients available – the right business model, experienced people, strong capital base – for us to catapult into the next phase of growth in the years to come.

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

I would like to emphasise one very important facet of human personality that separates the great from the ordinary.

மடுத்தவா யெல்லாம் பகடன்னான் உற்ற
இடுக்கண் இடர்ப்பாடு உடைத்து

Like a bullock that draws the cart with all its might, the man who trudges on through the challenges of with all his might, will be able to overcome all those challenges. This means that it is not enough to have lofty ambitions, but the determination to work towards realising those ambitions alone guarantees success. This couplet clearly shows that determination to face and cross challenges in life alone shall make one become great in life.

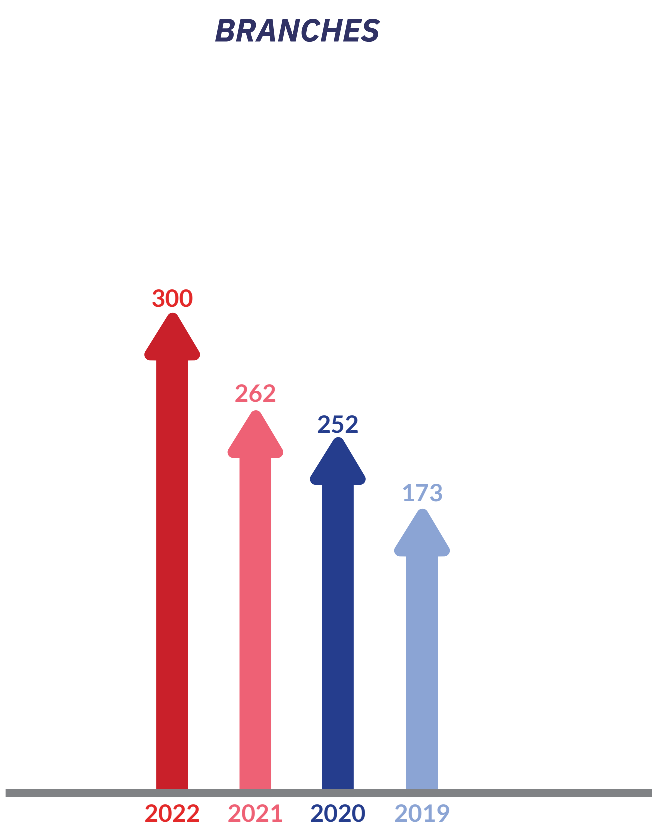
At Five Star, we are not afraid to dream big; but our dreams are not those ones that we get in our sleep, but ours are those that do not make us sleep. We are equally determined to take all the steps necessary to translate our dreams into reality. We will leave no stone unturned to achieve our ambitions and make Five Star a great institution in the years to come.

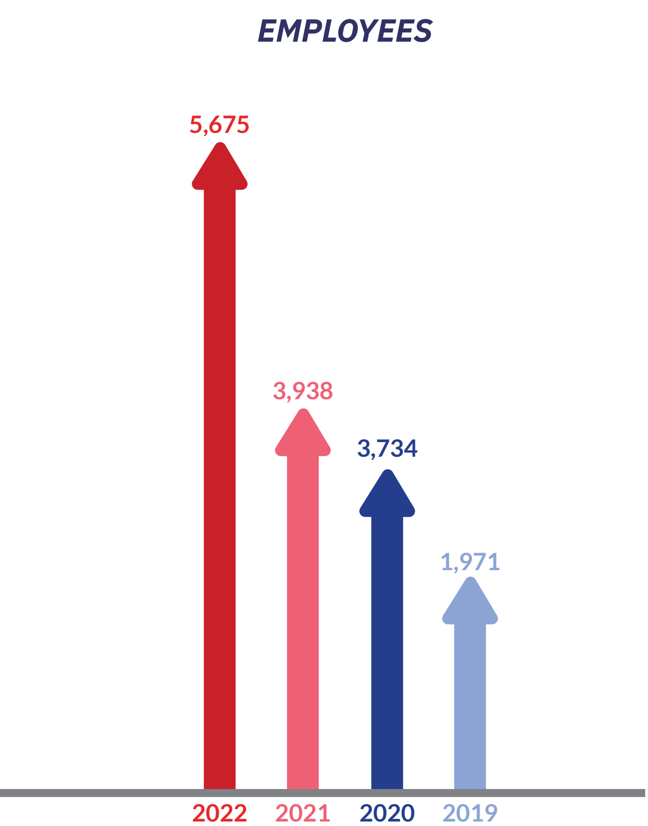
We have now navigated 2 waves of the pandemic and emerged unscathed from both, which clearly stand testimony to the strength and resilience of your Company. Every human being nurtures the ambition to rise higher in his / her life. This rising can come from opportunities, from sheer luck or providence but no rise can be as formidable and lasting as the one that comes from challenges. At the beginning of my message, I mentioned that challenges make life interesting and exciting. Not just adding interest to life, the actual rise of anyone or anything starts only from Challenges. Indeed, "Challenges raise a person". We have faced enormous challenges in the last few years and now is the time for our rising, and hence the theme of this year has been christened as **"Five Star Rising"**.

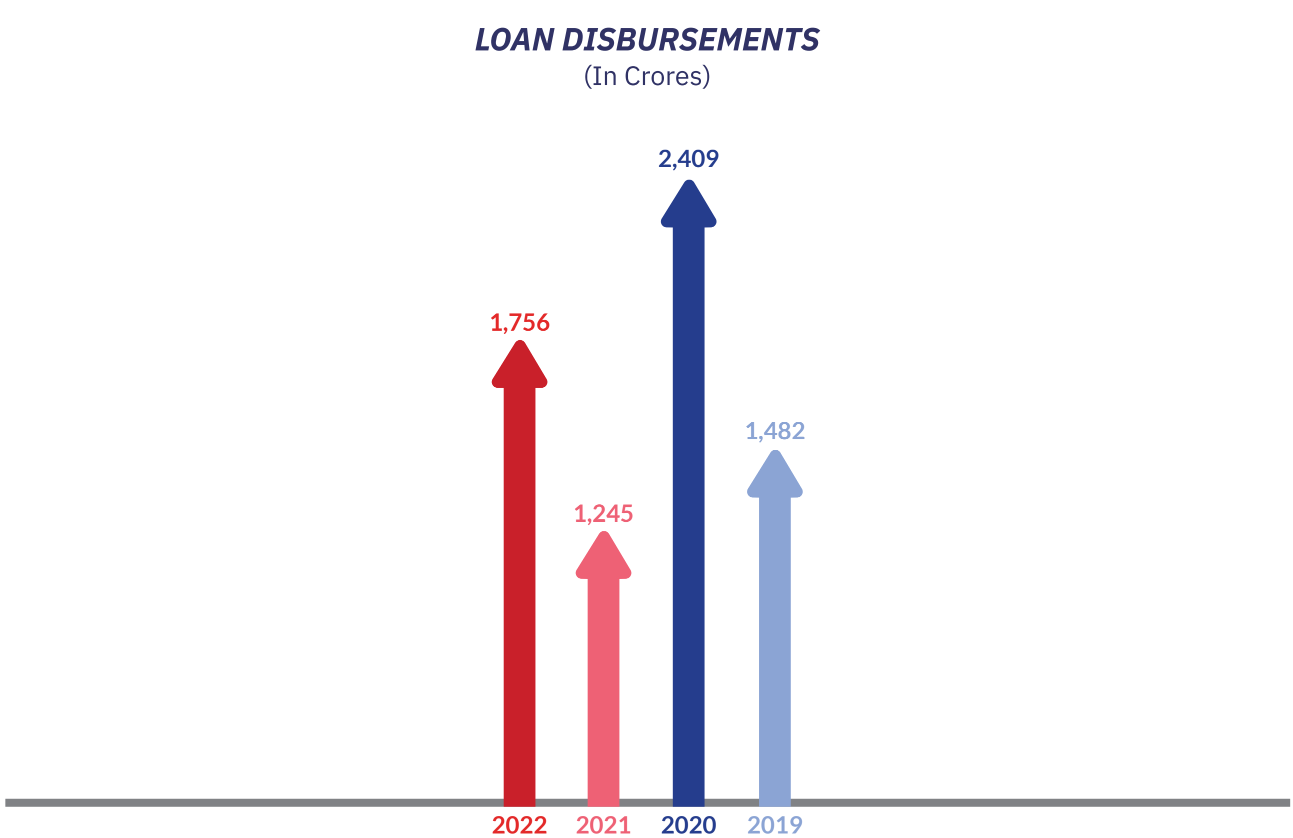
Best Wishes
Lakshmipathy Deenadayalan
Chairman & Managing Director

BUSINESS HIGHLIGHTS

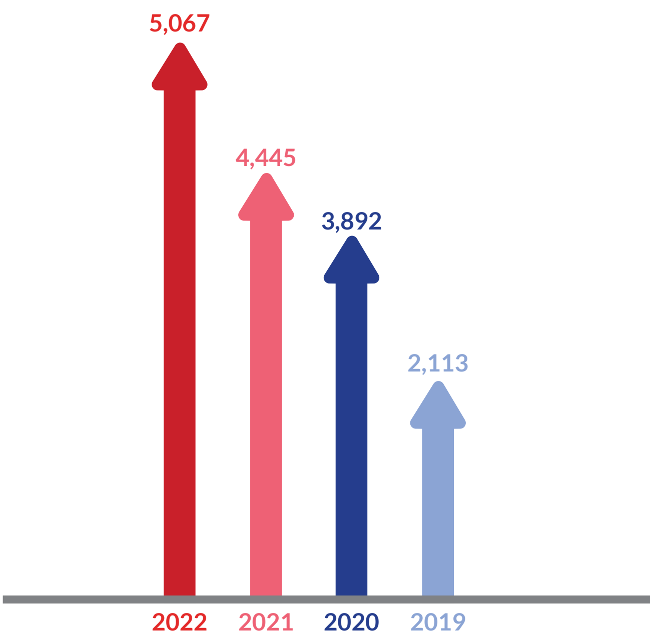
Business Highlights



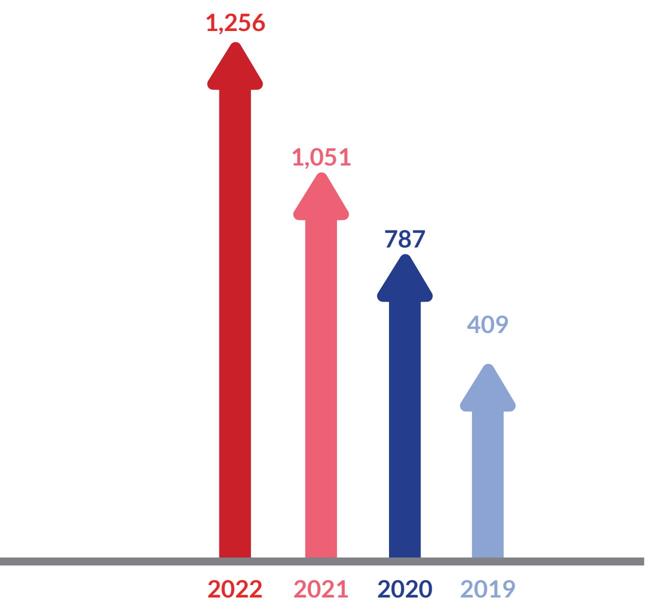




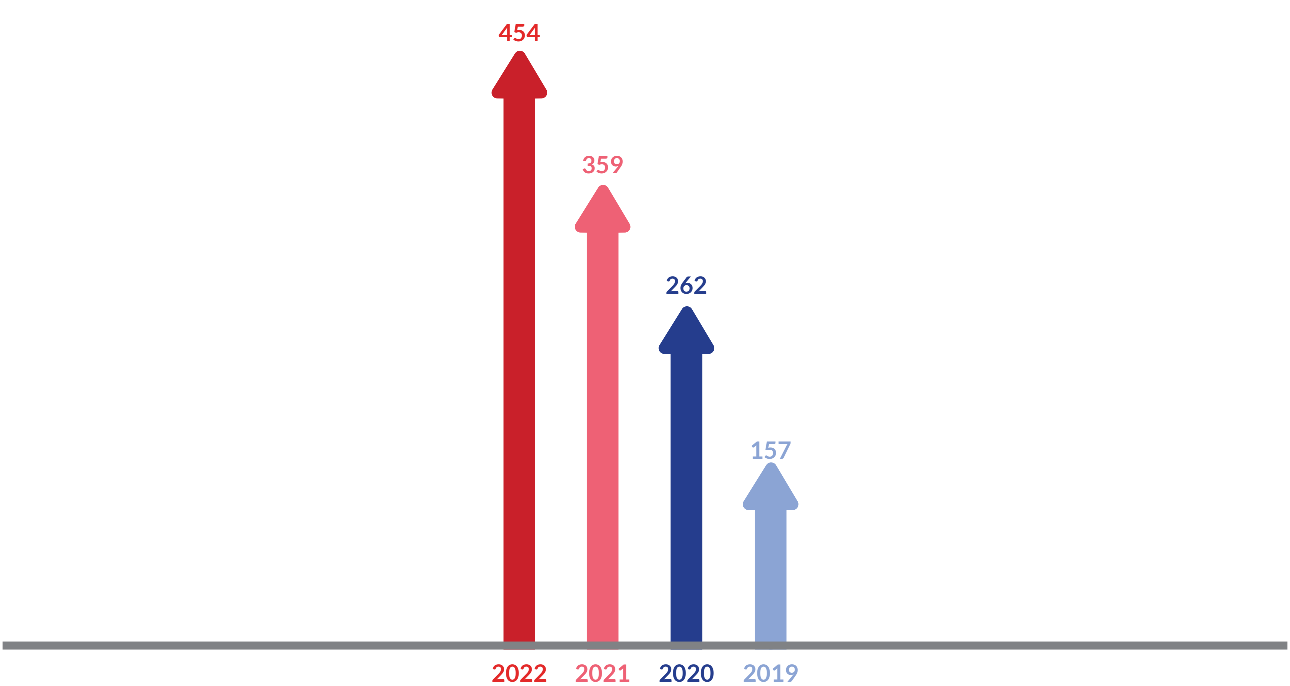
LOAN PORTFOLIO
(In Crores)



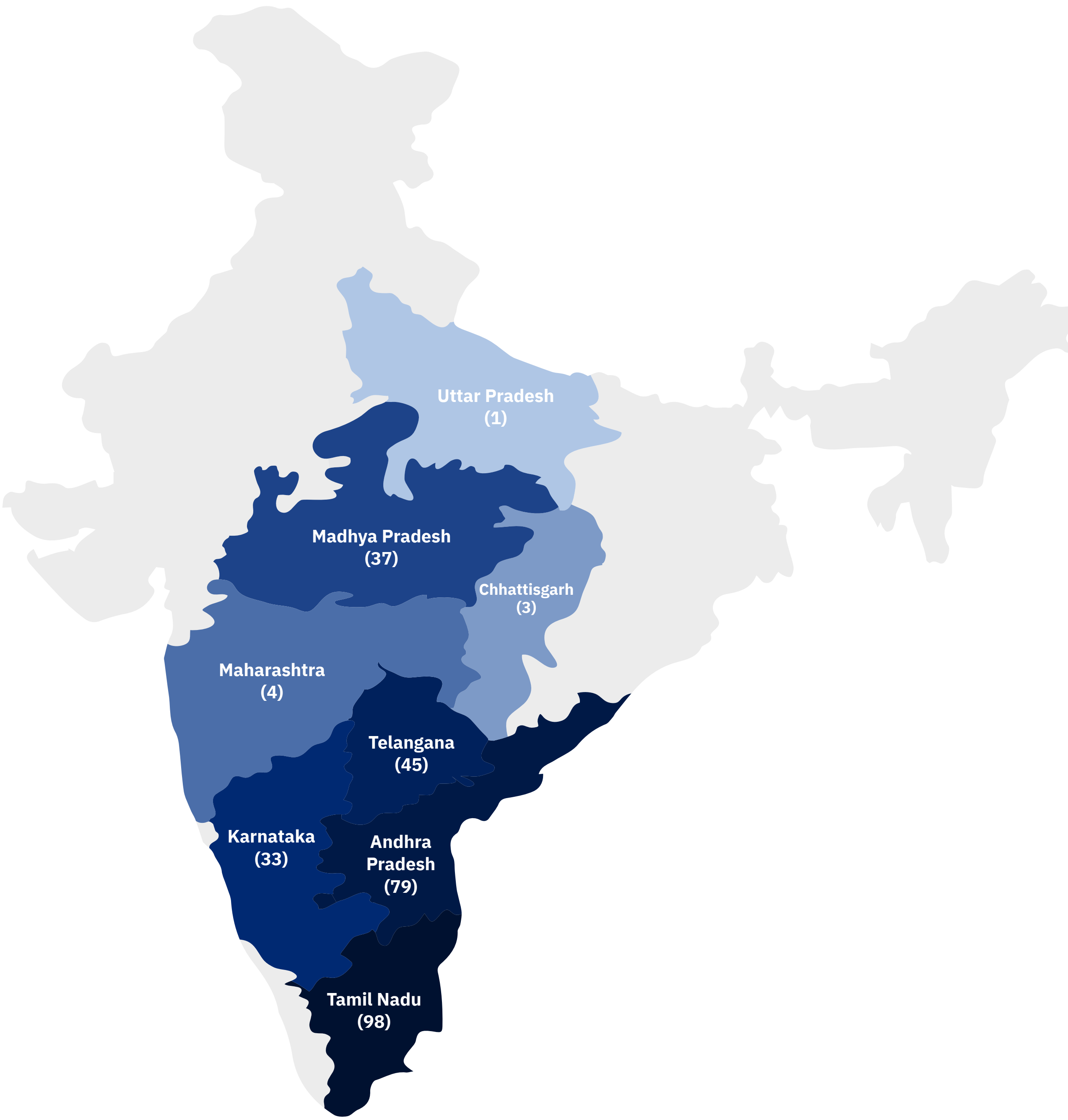
REVENUES
(In Crores)



PROFIT AFTER TAX (PAT)
(In Crores)



Branches


Uttar Pradesh
(1)
Madhya Pradesh
(37)
Chhattisgarh
(3)
Maharashtra
(4)
Telangana
(45)
Karnataka
(33)
Andhra
Pradesh
(79)
Tamil Nadu
(98)

Lending Relationships

Banks

Axis Bank
AU Small Finance Bank
Bandhan Bank
Bank of Baroda
Bank of India
Bank of Maharashtra
Central Bank of India
City Union Bank
CSB Bank
DCB Bank
Equitas Small Finance Bank
Federal Bank
HDFC Bank
HSBC
ICICI Bank
IDFC First Bank
Indian Overseas Bank
IndusInd Bank
Karnataka Bank
Karur Vysya Bank
Kotak Mahindra Bank
Punjab National Bank
RBL Bank
SBM Bank
State Bank of India
Ujjivan Small Finance Bank
Union Bank of India
Utkarsh Small Finance Bank
YES Bank

NBFCs

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

Others

Navi Finserv
Northern Arc Investments *(formerly IFMR Investments)*
responsAbility
Swedfund
Unifi
Vivriti AMC

BOARD OF DIRECTORS

Board of Directors

Lakshmipathy Deenadayalan

Chairman & Managing Director

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

Bhama Krishnamurthy

Independent Director

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

Anand Raghavan

Independent Director

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

Srinivasaraghavan T T

Independent Director

Srinivasaraghavan is a graduate in Commerce and holds a Master's in Business Administration from the Gannon University, Pennsylvania. He began his career as a banker, before moving to Sundaram Finance Limited in 1983. Starting his career as a department manager in the Company, he was elevated as its Managing Director in 2003. He retired from Sundaram Finance on March 31, 2021 after 38 years of service, 18 of them as its Managing Director

Ramkumar Ramamoorthy

Independent Director

Ramkumar Ramamoorthy spent over 22 years at Cognizant, a NASDAQ 100, S&P 500 and Fortune 200 company. He incubated and built about half a dozen portfolios at Cognizant and retired as Chairman and MD of Cognizant India, responsible for the Company's India operations with over 200,000 employees across 13 cities. Prior to joining Cognizant, Ramkumar worked for Tata Consultancy Services. He is now a Partner at Catalincs, a strategic advisory firm that helps small tech companies scale and grow, and the Pro Vice-Chancellor of Professional Learning at Krea University.

Appointed w.e.f June 08, 2022

Vikram Vaidyanathan

Non-Executive Director - Matrix Partners

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

Ravishankar G V

Non-Executive Director - SCI Investments V

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

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

Thirulochand Vasan

Non-Executive Director

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

Niren Shah

Board Observer - Norwest Venture Partners X - Mauritius

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

Sanjeev Mehra

Board Observer - TPG Asia VII SF Pte. Ltd

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

Rohan Suri

Board Observer - Sirius II Pte. Ltd.

Rohan Suri is a Director with KKR's Private Equity team. He has been closely involved with investments in Alliance Tire Group (ATG), Five Star Finance, Gland Pharma, HDFC Ltd., Indus Towers, Jio Platforms, Max Financial Services, Max Healthcare, Reliance Retail, SBI Life Insurance and Vini Cosmetics. Prior to KKR he was with Bain & Co. in their New Delhi and San Francisco offices. Mr. Suri holds an MBA from the Indian Institute of Management Ahmedabad, where he was an Industrial Scholar, and a B.E. Honors in Electrical and Electronics Engineering from the Birla Institute of Technology and Science, from where he graduated as a Chancellor's Gold Medalist.

DIRECTORS' REPORT

Directors' Report

Your directors have the pleasure in presenting the 38th Annual Report together with the audited financial statements of the Company for the financial year ended March 31, 2022. The summarised financial results of the Company are presented hereunder:

Financial Results - Financial Highlights

₹ in lakhs

Particulars	March 31, 2022	March 31, 2021
Revenue from Operations	125,406.36	104,974.22
Other Income	210.56	151.25
Expenses	65,196.01	57,481.39
Profit before tax	60,420.91	47,644.08
Tax expenses	15,066.46	11,744.64
Profit after tax	45,354.45	35,899.44
Other comprehensive income	(223.41)	(78.78)
Total comprehensive income	45,131.04	35,820.66

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

Material Developments

During the financial year ended March 31, 2022, your Company also submitted its Draft Red Herring Prospectus (DRHP) to Securities and Exchange Board of India (SEBI) and obtained their approval for carrying out an Initial Public Offering of its shares. However, the last quarter, when your Company was about to complete listing of its shares, saw significant headwinds in the capital market; despite the strong performance of your Company, which was also appreciated by the investors as part of the roadshow meetings, the headwinds in the capital market contributed to overall sentiment turning negative, due to which your Company had to defer the listing plans. The Board will take a considered view during the current financial year on the right time to list the shares of your Company on the stock exchanges.

State of Company's Affairs and Future Outlook

As you are aware, your Company continued its financing business by focusing on providing secured lending solutions to micro-entrepreneurs and self-employed individuals, who are largely cut off from the formal lending ecosystem, for their business and other needs.

During the financial year ended March 31, 2022, your Company disbursed INR 1,756.24 crores of loans as against INR 1,245.05 crores during the previous financial year.

Operational Metrics

During the financial year ended March 31, 2022, your Company added 38 branches resulting in the branch network increasing to 300 from 262 during the previous financial year.

The total loan assets under management as at March 31, 2022, increased to INR 5,067.08 crores from INR 4,445.38 crores during the previous financial year, registering a growth of 14%.

Financial Metrics

Gross Income of your Company during the financial year ended March 31, 2022, amounted to INR 1,256.17 crores, higher by 19.5% over INR 1,051.25 crores in the previous year. Profit before tax was at INR 604.21 crores up by 26.82% over the previous year's INR 476.44 crores. At INR 453.54 crores, Profit After Tax was higher by 26.34% over previous year's INR 358.99 crores. The Company's net worth stood at INR 3,710.35 crores as on March 31, 2022 (INR 2,318.17 Crores as at March 31, 2021).

Your Company also ensured strong asset quality for the financial year ended March 31, 2022, with Gross Stage 3 Assets (90+ DPD Assets) of 1.05%, which is one of the best amongst companies operating in this customer segment. Despite the impact of the second wave of COVID-19 pandemic during the first half of the year, the assets of your Company stood resilient which is a testimony to your Company's business model, rigorous underwriting norms, strong execution capability and the never-say-no attitude of an amazing team.

Impact of COVID 19 Pandemic

The financial year ended March 31, 2022, saw the second wave of the COVID-19 pandemic cause a significant impact, especially during the first two quarters. While the second wave of the pandemic was shorter, it was much sharper and impacted a much larger proportion of the country's population. Your Company was also impacted by the second wave and had to restructure a small proportion of its portfolio. But the stellar efforts during the second, third and fourth quarters ensured that your Company ended the year with strong asset quality.

Your Company also saw the business growth pick up momentum especially during the last quarter of the financial year, with logins, sanctions and disbursals almost reaching pre-COVID levels. If the situation remains normal, your Company should be back on track for a much stronger growth during the forthcoming financial year.

The funding of your Company, both on equity and debt sides, was very encouraging during the financial year ended March 31, 2022. Your Company raised a fresh round of equity capital during the first quarter of the financial year by adding marquee names like KKR and TVS Capital to its shareholder list. In addition to the 518 crores of capital raised through this round, your Company also gave an attractive exit to one of the earliest private equity investors-NHPEA Chocolate Holding B.V. (Morgan Stanley) as part of this fundraising round. Your Company also onboarded new lenders like HDFC Bank, Axis Bank and HSBC who provided debt lines to your Company, which is a strong testimony of the attractiveness of your Company and its metrics. In the year gone by, the Company also consummated its first ECB transaction with Swedfund, the sovereign DFI of Sweden.

Further details of the impact of the second wave of COVID-19 pandemic have been enumerated in the Management Discussion and Analysis Report (MDA).

Prospects

The credit business has large potential in India, particularly funding the demand from micro-entrepreneurs and self-employed individuals, who do not have access to formal means of financing, who represent primary customers of your Company. Your directors are confident that the knowledge/experience gained so far in this segment will augur well towards building a robust portfolio.

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

Statutory and Regulatory Compliances

Your Company is a Non Deposit Taking Systematically Important Non-Banking Financial Company (NBFC-ND-SI). The Company has complied with and continues to comply with all applicable regulations, directions and prudential norms of the Reserve Bank of India (RBI).

Your Company has complied with the applicable regulations under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI (LODR), 2015) and Foreign Exchange Management Act (FEMA), 1999, Rules and Regulations thereunder.

Your Company has also complied with the applicable provisions of the Secretarial Standards issued by the Institute of Company Secretaries of India and has complied with all applicable compliances as required under the Companies Act, 2013.

Key Regulatory Changes

During the financial year ended March 31, 2022, there were a number of regulatory pronouncements from the Reserve Bank of India, which had/would have an impact on your Company.

RBI had mandated the implementation of Risk-Based Internal Audit (RBIA) framework for all non-deposit taking NBFCs with asset size of INR 5000 crore and above with effect from March 31, 2022. Accordingly, your Company has put in place a Risk-Based Internal Audit Policy and has appointed the Chief Audit Officer to manage the RBIA framework.

During the financial year ended March 31, 2022, RBI had also issued Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs). These guidelines made the rotation of Statutory Auditors mandatory once every 3 years. In line with this, your Company had appointed M/s S R Batliboi & Associates LLP as the Statutory Auditor of the Company for a period of three consecutive financial years namely, Financial Years 2021-22, 2022-23 and 2023-24 to hold office till the conclusion of the 40th Annual General Meeting subject to satisfaction of their eligibility criteria every year.

On September 24, 2021, RBI had made modifications to the Master Directions on Securitisation of Standard Assets. Through this, the RBI had mandated changes to the assets that can be securitised, changes to Minimum Holding Period and Minimum Retention Ratio norms, in addition to other changes. These are not expected to have any major impact on your Company's ability to securitise standard assets henceforth.

On October 22, 2021, RBI notified Scale Based Regulation - A Revised Regulatory Framework for NBFCs. This is an integrated framework with respect to capital requirements, governance standards, prudential regulations effective from October 01, 2022. Based on the criteria specified in the said framework, NBFCs shall be categorised into base layer (NBFC–BL), middle layer (NBFC-ML), upper layer (NBFC-UL) and top layer (NBFC-TL). Enhanced regulatory requirements are warranted as the NBFCs move up to higher layers, based on various parameters as identified by RBI.

The RBI vide its circular dated November 12, 2021, provided clarifications on Prudential Norms on Income Recognition, Asset Classification and Provisioning Pertaining to Advances (IRACP). A subsequent clarification was also issued by RBI, deferring implementation of some of the provisions of this circular to October 01, 2022. Your Company has taken note of the changes and is in a good position to implement the provisions of this circular from October 01, 2022.

RBI has also issued various other circulars, in an endeavour to streamline and harmonise regulations between banks and NBFCs, along with timelines by which the NBFCs are required to comply with the same. Your Company is well prepared to comply with all these guidelines within the stipulated timeframe. Further details are elucidated in the MDA.

Credit Rating

As of March 31, 2022, your Company's borrowings / debentures enjoy the following ratings from CARE, ICRA and CRISIL.

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

The ratings of your Company were upgraded by both ICRA and CARE Ratings during the financial year ended March 31, 2022 to A+/A1+ from A/A1.

Change in Nature of Business

There was no change in the nature of business of your Company during the financial year ended March 31, 2022.

Dividend Distribution Policy

Your Company has formulated a Dividend Distribution Policy, with an objective to provide the dividend distribution framework to the Stakeholders of the Company. The policy sets out various internal and external factors, which shall be considered by the Board in determining the dividend pay-out. The policy is available on the website of the Company at https://fivestargroup.in/investors/.

Dividend

Your Directors have decided not to recommend any dividend for the financial year ended March 31, 2022, and the profit for the year will be deployed back into the business.

Transfer to Reserves

Your Company has transferred a sum of INR 90.71 crores to the statutory reserve as required under the Reserve Bank of India Act, 1934.

Deposits

Your Company is a non-deposit taking Company. The Company has not accepted any public deposits during the financial year under review and has passed a Board resolution acknowledging the non-acceptance of deposits from public.

Capital Adequacy Ratio

Capital Adequacy Ratio of your Company as at March 31, 2022 under Ind-AS stood at 75.20%, as against the minimum requirement of 15% stipulated by Reserve Bank of India.

Changes in Share Capital and Debentures

Equity Share Capital:

During the financial year, your Company has:

a. made a preferential issue of 14,71,771 fully paid up equity shares of INR 10.00 each which were allotted on April 26, 2021, on private placement basis.

b. made a preferential issue of 3,00,000 fully paid up equity shares of INR 10.00 each which were allotted on August 09, 2021, on private placement basis.

c. made first and final call on 7,50,000 partly paid up equity shares that were allotted on February 25, 2020, on preferential basis and the same were made fully paid up on August 25, 2021.

d. made first and final call on 9,67,597 partly paid up equity shares that were allotted on March 21, 2020, pursuant to rights issue, and the same were made fully paid up on August 25, 2021.

e. allotted 51,000 fully paid up equity shares of INR 10.00 each on various dates, pursuant to the Five-Star Associate Stock Option Scheme, 2015.

f. made sub-division of the face value of fully paid up equity shares of INR 10.00 each to fully paid up equity shares of Re 1.00 each on October 8, 2021.

g. allotted 2,13,000 fully paid up equity shares of Re 1.00 each on various dates, pursuant to the Five-Star Associate Stock Option Scheme, 2015.

h. allotted 9,95,000 fully paid up equity shares of Re 1.00 each on various dates, pursuant to the Five-Star Associate Stock Option Scheme, 2018.

Subsequent to the above mentioned allotments, your Company's capital funds stood at INR 2,342.75 crores (including premium) at the end of March 31, 2022.

Debentures

During the financial year, Your Company has not issued any fresh Debentures. Further, Your Company has been prompt in payment of its interest and principal obligations for the financial year ended March 31, 2022 and has complied with all the disclosure requirements stipulated under SEBI (LODR), 2015.

Subsidiaries, Joint Ventures, Associate Companies

During the financial year ended March 31, 2022, your Company does not have a Subsidiary / Associate / Joint Venture Company. Also, the Company did not become a part of any Joint Venture during the year.

Related Party Transactions

The Company has in place a policy on related party transactions as approved by the Board and the same is available on the website of the Company at https://fivestargroup.in/investors/.

All related party transactions that were entered into during the financial year were on arm's length basis and in ordinary course of business. There were no materially significant transactions made by the Company with promoters, directors, key managerial personnel or other designated persons which may have a potential conflict with the interest of the Company. There were no contracts or arrangements entered into with related parties during the year to be disclosed under sections 188(1) and 134(3)(h) of the Companies Act, 2013 in Form AOC 2.

Employee Stock Option Schemes

Your Company has formulated two Employees Stock Option Schemes, namely Five-Star Associate Stock Option Scheme 2015 (ASOP 2015) and Five-Star Associate Stock Option Scheme 2018 (ASOP 2018).

Consequent to the sub-division of face value of equity shares of the Company, the Stock Option Schemes were amended to that effect and in line with the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 on October 08, 2021.

The details of these schemes and other related disclosures in terms of Rule 12(9) of the Companies (Share Capital and Debentures) Rules, 2014 are given as **Annexure A** to this report.

Annual Return

As per Section 134(3)(a) and Section 92(3) of the Companies Act, 2013 read with Companies (Management and Administration) Rules, 2014, and Regulation 62(1)(k) of the SEBI (LODR), 2015, the annual return of the Company for the financial year ended March 31, 2022 in the prescribed Form MGT-7 is available on the website of the Company at https://fivestargroup.in/investors/.

Particulars of Loans, Guarantees or Investments

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

Details regarding the investments made by the Company are given in the financial statements.

Material Changes Affecting the Financial Position of the Company

There are no material changes and commitments having an adverse bearing on the financial position of the Company between March 31, 2022, and the date of this report.

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

The provisions of Section 134(3)(m) of the Companies Act, 2013, read along with the rules made thereunder relating to conservation of energy and technology absorption do not apply to your Company as it is not a manufacturing Company. However, your Company has been increasingly using information technology in its operations and promotes conservation of resources.

During the financial year ended March 31, 2022, the foreign currency expenditure of your Company stood at INR 542.48 lakhs and there were no foreign currency earnings.

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

There was no application made or proceeding pending under the Insolvency and Bankruptcy Code, 2016 in respect of the Company during the financial year ended March 31, 2022, and there was no such application made or proceeding as at March 31, 2022.

The Company has not entered into any one-time settlement with its lenders during the financial year ended March 31, 2022, and therefore the requirements of clause (xii) of Rule 8(5) of the Companies (Accounts) Rules, 2014 are not applicable.

Significant and Material Orders passed by the Regulators or Courts or Tribunals

There are no other significant and material orders passed by the Regulators or Courts or Tribunals impacting the going concern status of your Company's and its future operations.

Risk Management

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

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

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

The RMC reviews the credit policy and practices to ensure that all portfolio related risks are well mitigated. The Company has given high importance to prudential lending practices and has put in place suitable measures for risk mitigation.

Your Company has also constituted an Asset Liability Committee (ALCO) which ensures that the liquidity and interest-rate risks are contained within the limits laid down by the Company.

Being dynamic, the risk management framework continues to evolve in line with the emerging risk perceptions.

Human Resource Development

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

This approach has been working well for your Company to achieve the right level of productivity and growth. Apart from imparting advanced training to all front-line sales and marketing, credit and other staff which included the KYC and FPC training, employees were also given on-the-job and off-the-job training programs.

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

Your Company has continued to attract high quality professionals as part of the middle and senior management team and has also been in a position to get the right resources at the branches as well. As of March 31, 2022, your Company had 5,675 employees across branches, regional offices, and head office.

Directors

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

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

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

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

- Mr Gaurav Trehan who was nominated by M/s Sirius II Pte. Ltd. was appointed as an Additional Director of the Company by the Board of Directors with effect from April 26, 2021, was regularized as a Non-Executive Director at the 37th Annual General Meeting held on August 06, 2021

- Mr Thirulokchand Vasan, Non-Executive Director, and Mr G V Ravishankar, Non-Executive Director nominated by SCI Investments V, retired by rotation at the 37th Annual General Meeting held on August 06, 2021, and were re-appointed

- Re-appointment of Mr Anand Raghavan as an Independent Director for a second term of 5 years effective July 28, 2021, was approved by the Board at its meeting held on May 28, 2021, and by the shareholders at the 37th Annual General Meeting held on August 06, 2021

- Mr T T Srinivasaraghavan who was appointed as the Additional (Independent) Director of the Company by the Board of Directors with effect from August 25, 2021 for a period of 5 years was regularized as an Independent Director at the Extra-ordinary General Meeting held on October 08, 2021

- Mr B Haribabu, Independent Director, Mr L R Raviprasad, Non-Executive Director, Mr Sanjeev Mehra, Non-Executive Director and Mr Gaurav Trehan, Non-Executive Director resigned from their office of Directorship with effect from October 21, 2021, and the same was noted by the Board of Directors of the Company at their meeting held on October 21, 2021

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

- Mr Lakshmipathy Deenadayalan was reappointed as the Chairman & Managing Director of the Company for a further period of 5 years with effect from June 01, 2022, subject to the approval of the shareholders of the Company at the ensuing general meeting in accordance with Section 196 of the Companies Act, 2013. Based on the recommendation of the Nomination & Remuneration Committee and in the opinion of your Board, Mr Lakshmipathy Deenadayalan has requisite qualifications and experience and therefore, your directors recommend his reappointment in the ensuing Annual General Meeting

- In terms of Section 152 of the Companies Act, 2013, Mr Vikram Vaidyanathan retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for reappointment. Based on the recommendation of the Nomination & Remuneration Committee and in the opinion of your Board, Mr Vikram Vaidyanathan has requisite qualifications and experience and therefore, your directors recommend his reappointment in the ensuing Annual General Meeting

Declaration from Independent Directors

Pursuant to Section 149(7) of the Companies Act, 2013 read along with Rule 6 of the Companies (Appointment and Qualifications of Directors) Rules, 2014 of the Companies Act, 2013 and Regulation 25(8) of the SEBI (LODR) Regulations, 2015, the Company has received necessary declarations/ disclosures from each of the Independent Directors of the Company stating that he/she meets the criteria of independence as required under Section 149(6) of the Companies Act, 2013 and that he/she has a valid certificate of registration for his/her enrollment into the data bank for Independent Directors.

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

Formal Annual Evaluation

As per the provisions of the Companies Act, 2013, the Board has carried out an annual performance evaluation of its own performance, the directors individually as well as the evaluation of the working of its Committees. A structured exercise was carried out based on the criteria for evaluation forming part of the Directors Appointment, Remuneration & Evaluation Policy, including framework for performance evaluation of Directors, Board & Committees, Criteria for Evaluation and the inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, attendance at meetings, Board culture, duties of directors, and governance. The aforesaid policy is available on the website of the Company at https://fivestargroup.in/investors/.

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

Key Managerial Personnel

Pursuant to the provisions of Section 203 of the Companies Act, 2013 read with the rules made there under, the following employees are the whole- time key managerial personnel of the Company as on March 31, 2022:

a. Mr Lakshmipathy Deenadayalan, Chairman & Managing Director (DIN: 01723269)
b. Mr Rangarajan Krishnan, Chief Executive Officer
c. Mr Srikanth Gopalakrishnan, Chief Financial Officer
d. Ms Shalini Baskaran, Company Secretary

During the financial year under review, the following changes took place in the Key Managerial Personnel of the Company:

- Ms Roopa Sampath Kumar who was appointed as the Chief Financial Officer(CFO) of the Company with effect from June 01, 2021, resigned from the position of CFO with effect from March 19, 2022, and the same was noted by the Board of Directors at their meeting held on February 26, 2022

- Mr Srikanth Gopalakrishnan has been appointed as the CFO with effect from March 20, 2022, by the Board of Directors at their meeting held on February 26, 2022

Further, there are no changes in the composition of Key Managerial Personnel between the financial year end date and the date of this report.

Internal Financial Controls

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

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

The Company has employed an independent consultancy firm to develop and periodically update risk control metrices, develop test plans and carry out independent testing procedures to evaluate the effectiveness of the controls. Their findings are presented to the Audit Committee, which helps the Committee to understand the strength of the controls and any improvements that may be required, as the Company keeps ramping up its operations.

Your Company has also built a strong Internal Audit mechanism, where audits are done on a regular basis by the in house Internal Audit team and the External Internal Auditors of the Company.

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

Furthermore, during the financial year under review, the Board of Directors of the Company have approved the Risk based Internal Audit Policy at their meeting held on February 11, 2022 pursuant to the circular issued by the Reserve Bank of India in order to formulate a well-defined policy for documenting the purpose, authority and responsibility of the Internal Audit activity with a clear demarcation of the role and expectations from the Risk Management function and Risk based Internal Audit function.

Auditors

Statutory Auditors

Pursuant to the guidelines issued by the Reserve Bank of India dated April 27, 2021, with regard to the appointment of Statutory Central Auditors (SCAs)/ Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs), a Company cannot appoint an audit firm as Statutory Auditors for a continuous period of more than 3 years.

On account of this, M/s B S R & Co. LLP, Chartered Accountants who had completed 3 years of their tenure, became ineligible to continue as Statutory Auditors and had communicated their inability to continue as the Statutory Auditors of the Company post submission of Limited Review Report for the 3rd quarter and nine months ended December 31, 2021, with effect from February 11, 2022.

Consequent to their resignation and pursuant to the RBI guidelines & Section 139 of the Companies Act, 2013, M/s S R Batliboi & Associates LLP has been appointed as the Statutory Auditors of your Company for a period of three consecutive financial years viz 2021-22, 2022-23 and 2023-24 to hold office until the conclusion of the 40th Annual General Meeting, subject to their satisfaction of the eligibility criteria every year.

The Report of the Statutory Auditors with an unmodified opinion to the members is annexed and forms part of the financial statements and the same does not contain any qualification, reservation, adverse remark or disclaimer. There were no frauds detected or reported by the Auditors under sub-section (12) of section 143 of the Companies Act, 2013 during the financial year ended March 31, 2022.

Internal Auditor

To carry out internal audit of its operations, your Company has engaged M/s Sundaram & Srinivasan, Chartered Accountants, as its External Internal Auditors. Their audit is complemented by an In-house audit team. Between them, they cover the entire Internal Audit Scope which covers the activities carried out at the Corporate Office and across the branches of the Company. As a part of its efforts to evaluate the effectiveness of the internal control systems, your Company's audit teams evaluate the adequacy of control measures on a periodic basis and recommend improvements, wherever appropriate.

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

Secretarial Auditor

M/s S Sandeep & Associates, Practicing Company Secretaries, were appointed to conduct the secretarial audit of the Company for the financial year 2021-22, as required under Section 204 of the Companies Act, 2013, and rules made thereunder & Regulation 24A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The secretarial audit report for the financial year ended March 31, 2022, forms a part of this report as **Annexure B** and does not contain any qualification, reservation or adverse remarks.

Cost Records and Cost Audit

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

Information Technology

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

Corporate Social Responsibility (CSR)

Pursuant to Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, your Company has adopted a Policy on CSR which is placed on the website of the Company at https://fivestargroup.in/investors/.

As per Section 135 of the Companies Act, 2013, Your Company was required to spend an amount of INR 699.43 lakhs equivalent to 2% of the average net profits of the last three (3) financial years as CSR contribution. During FY 2021-22, your Company has spent an amount of INR 699.70 lakhs as against prescribed CSR Expenditure of INR 699.43 lakhs.

The Annual Report on CSR activities for the financial year ended March 31, 2022, is attached as **Annexure C** to this Report.

Whistle Blower Policy & Vigil Mechanism

As per the provisions of Section 177(9) of the Companies Act, 2013, and Regulation 22 of the SEBI (LODR), 2015, your Company has established a Vigil Mechanism and has adopted a Whistle Blower Policy for directors and employees to report their genuine concerns. The Whistle Blower Policy has been formulated with a view to provide a mechanism for employees and directors to approach the Audit Committee of the Company. The said policy is available on the website of the Company at https://fivestargroup.in/investors/.

The vigil mechanism of the Company is overseen by the Audit Committee and provides adequate safeguard against victimization of employees and directors and also provides direct access to the Chairperson of the Audit Committee in exceptional circumstances.

During the year under review, no complaints were received by the Company and no complaints are outstanding as on March 31, 2022.

Board & its Committees

During the financial year ended March 31, 2022, 10 (Ten) Board Meetings were held on April 22, 2021, May 28, 2021, June 29, 2021, August 25, 2021, September 08, 2021, October 21, 2021, November 08, 2021, January 25, 2022, February 11, 2022, February 26, 2022, and not more than 120 days elapsed between any two meetings.

The details of composition of the Board and its Committees, terms of reference of the Committees and the details of meetings held during the financial year are furnished in the Corporate Governance Report.

Corporate Governance

Your Company is committed to maintaining the highest standards of Corporate Governance and adheres to the Corporate Governance requirements set out by regulators. A report on Corporate Governance is enclosed and forms part of this report as **Annexure D**.

The Chief Executive Officer and the Chief Financial Officer have submitted a compliance certificate to the Board regarding the financial statements and other matters as required under Regulation 17(8) of the SEBI (LODR) 2015.

A Certificate from a Practicing Company Secretary affirming the compliance of the Corporate Governance norms as required under SEBI (LODR) 2015 is annexed to the Corporate Governance Report.

Management Discussion and Analysis

A report on the Management Discussion and Analysis (MDA), highlighting the business-wise details is attached and forms part of this report as **Annexure E**.

Disclosures under POSH Act, 2013

The Company has in place a policy for Prevention of Sexual Harassment in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH Act) and the same is available on the website of the Company at https://fivestargroup.in/investors/. Your Company has complied with the provisions relating to the constitution of Internal Complaints Committees (ICC) under the POSH Act. ICC has been set up to redress complaints received regarding sexual harassment.

During the year under review, no complaints were received. None were pending/unresolved as on March 31, 2022.

Particulars of Employees and Related Disclosures

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

Code Of Conduct

The Board has laid down a "Code of Conduct" for all its Board Members and the senior management of the Company and the same has been posted on the website of the Company.

All Board members and senior management personnel have affirmed compliance with the Company's code of conduct for the financial year 2021-22. A declaration to this effect is included in Corporate Governance report forming part of this Annual Report.

Code for Prevention of Insider Trading

The Company has adopted a Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (UPSI) to regulate, monitor and report trading by insiders in securities of the Company. The Board has further a policy governing the procedure of inquiry in case of actual or suspected leak of unpublished price sensitive information. The code has also been hosted on the website of the Company.

Directors' Responsibility Statement

The Board of Directors have instituted/put in place a framework of internal financial controls and compliance systems, which is reviewed by the management and the relevant Board committees, including the Audit committee and independently reviewed by the auditors. Pursuant to Section 134(5) of the Companies Act, 2013, the Board of Directors, confirm that:

a. in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
b. the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
c. the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
d. the Directors have prepared the annual accounts on a going concern basis;
e. the Directors have laid down internal financial controls, which are adequate and operating effectively and
f. the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Acknowledgement

Your Directors wish to thank the shareholders, customers, bankers, non-bank lenders, mutual funds, financial institutions, debenture trustees, R&T agent, credit rating agencies, auditors and all its other stakeholders/partners for their co-operation and continued support to the Company during the pandemic. The Directors also thank the employees for their contribution during the financial year under review.

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

Place: Chennai
Date: April 27, 2022

Annexure A

FIVE-STAR ASSOCIATE STOCK OPTION SCHEME, 2015

The decision to introduce FIVE STAR Associate Stock Option Scheme, 2015 (hereinafter called “FIVE STAR ASOP, 2015” or “The Scheme”) was taken by the Board of Directors at their 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.

Consequent to the sub-division of the face value of equity shares of the Company, the Scheme was amended to that effect, which was approved by the Shareholders at their meeting held on October 08, 2021.

Pursuant to Rule 12(9) of Companies (Share Capital and Debentures) Rules, 2014, the details of the Five Star Associate Stock Option Scheme, 2015 as on March 31, 2022, are:

a) Options approved to be issued as ESOPs: 5,630,000
b) Options granted: 5,630,000
c) Options vested: 5,442,000
d) Options exercised: 5,442,000
e) The total number of shares arising as a result of exercise of option: 5,442,000
f) Options lapsed / surrendered: 10,000
g) Exercise Price: Such price not less than the face value, as may be determined by the Nomination & Remuneration Committee
h) Variation of terms of options: Nil
i) Total number of options in force: 178,000
j) Money realized by exercise of options: INR 178.79 lakhs
k) Employee wise details of options granted to:
  (i) Key managerial personnel: Mr Rangarajan Krishnan - Chief Executive Officer - 3,200,000 options and Mr Srikanth Gopalakrishnan - Chief Financial Officer - 1,000,000 options
  (ii) Any other employee who receives a grant of options in any one year of option amounting to 5 per cent or more of options granted during that year: Nil
  (iii) Identified employees who were granted option, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant: Mr Rangarajan Krishnan - Chief Executive Officer - 3,200,000 options and Mr Srikanth Gopalakrishnan - Chief Financial Officer - 1,000,000 options

FIVE STAR ASSOCIATE STOCK OPTION SCHEME, 2018

The decision to introduce FIVE STAR Associate Stock Option Scheme, 2018 (hereinafter called “FIVE STAR ASOP, 2018” or “The Scheme”) was taken by the Board of Directors at 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.

Consequent to the sub-division of the face value of equity shares of the Company, the Scheme was amended to that effect, which was approved by the Shareholders at their meeting held on October 08, 2021.
Pursuant to Rule 12(9) of Companies (Share Capital and Debentures) Rules, 2014, the details of the Five Star Associate

Stock Option Scheme, 2018 as on March 31, 2022, are:

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

b) Options granted: 4,947,000

c) Options vested: 1,015,000

d) Options exercised: 1,013,000

e) The total number of shares arising as a result of exercise of option: 1,013,000

f) Options lapsed / Surrendered: 204,000

g) Exercise Price: Such price not less than the face value, as may be determined by the Nomination & Remuneration Committee

h) Variation of terms of options: Nil

i) Total number of options in force: 3,730,000

j) Money realized by exercise of options: INR 683.17 lakhs

k) Employee wise details of options granted to:

(i) Key managerial personnel: Mr Rangarajan Krishnan - Chief Executive Officer - 3,000,000 options and Mr Srikanth Gopalakrishnan –Chief Financial Officer - 750,000 options and Ms Shalini Baskaran – Company Secretary – 10,000 options

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

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

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

Place: Chennai
Date: April 27, 2022

Annexure B

FORM NO. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2022
[Pursuant to section 204(1) of the Companies Act, 2013 and rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

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

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, the explanations and clarifications given to us and the representations made by the Management and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India on account of the outbreak of COVID-19 pandemic, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2022, generally has complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

1. We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2022 according to the provisions of:
    a. The Companies Act, 2013 (the Act) and the rules made thereunder;
    b. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
    c. The Depositories Act, 1996 and the regulations and Bye-laws framed thereunder;
    d. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder as applicable to the extent of Foreign Direct Investment and External Commercial Borrowings. The Company does not have any Overseas Direct Investment.
    e. The following regulations and guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'), as amended from time to time:
        - The Securities and Exchange Board of India (Registrars to an Issue and Transfer Agents) Regulations, 1993, regarding Companies Act and dealing with client;
        - The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
        - The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements), 2018;
        - The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
        - The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015) to the extent applicable;

f. The Company has complied with the following laws to the extent applicable specifically to a Non-Banking Financial Company (NBFC):
   - Reserve Bank of India Act, 1934, and the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016;
   - The Prevention of Money Laundering Act, 2002.

2. We have also examined compliance with the applicable clauses of the following:
   a. Secretarial Standards with respect to Meetings of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India
   b. The Listing Agreements entered into by the Company with the BSE Limited as per the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for listing of its Non- Convertible Debentures;

We further report that during the period under review the Company has complied with the provisions of the applicable Acts, Rules, Regulations, Guidelines, Standards, etc. as mentioned above.

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

4. We further report that based on the information received, records maintained and representation received, there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with all applicable laws, rules, regulations and guidelines.

5. We further report that during the period the Company has:
   a. passed a special resolution under Section 180(1)(c) of the Act at the Extra-Ordinary general meeting held on April 22, 2021 fixing the borrowing limits as INR 7000 crores
   b. passed a special resolution under Section 180(1)(a) of the Act at the Extra-Ordinary general meeting held on April 22, 2021 permitting the Company for creating charge on its assets upto INR 7000 crores
   c. passed a special resolution for private placement of debentures under Sections 42 and 71 of the Act at the Extra-Ordinary general meeting held on April 22, 2021 up to a sum of INR 4000 crores
   d. allotted 14,71,771 fully paid up Equity Shares of INR 10.00 each on April 26, 2021, on preferential basis by way of private placement
   e. allotted 3,00,000 fully paid up Equity Shares of INR 10.00 each on August 9, 2021, on preferential basis by way of private placement

For ***S Sandeep & Associates***
S Sandeep
Company Secretary in Practice
UDIN: F005853D000177961
FCS No.: 5853
C P No.: 5987
PR No: 1116/2021

Place: Chennai
Date: April 21, 2022

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

Annexure I

To,

The Members,

FIVE-STAR BUSINESS FINANCE LIMITED

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

Kilpauk, Chennai – 600010.

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

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

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

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

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

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

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

For ***S Sandeep & Associates***
S Sandeep
Company Secretary in
Practice
FCS No.: 5853
C P No.: 5987
PR No: 1116/2021

Place: Chennai
Date: April 21, 2022

ANNUAL REPORT ON CSR ACTIVITIES FOR FINANCIAL YEAR 2021-22

1. Brief outline on CSR Policy of the Company:

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

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

2. Composition of CSR Committee:

Name of Director	Designation / Nature of Directorship	No of meetings of CSR Committee held during the year	No of meetings of CSR Committee attended during the year
Mr Lakshmipathy Deenadayalan	Chairman & Managing Director	2	2
Mr Anand Raghavan	Independent Director	2	2
Ms Bhama Krishnamurthy	Independent Director	2	2

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

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

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

6. Average net profit of the Company as per section 135(5): INR 34,971.50 lakhs

7. a) Two percent of average net profit of the Company as per section 135(5)	INR 699.43 lakhs
b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years	Nil
c) Amount required to be set off for the financial year, if any	Nil
d) Total CSR obligation for the financial year (7a + 7b - 7c)	INR 699.43 lakhs

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

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

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

c) Details of CSR amount spent against other than ongoing projects for the financial year: 699.70

1.	S. No.		**A**
2.	Name of the Project		Single Teacher Schools, unit of Swami Vivekananda Rural Development Society
3.	Item from the list of activities in Schedule VII to the Act		(ii) Promoting Education
4.	Local area (Yes/No)		Yes
5.	Location of the project	State	Tamil Nadu
		District	NA
6.	Project duration		NA
7.	Amount allocated for the project (₹ In lakhs)		324.00
8.	Amount spent in the current financial Year (₹ In lakhs)		324.00
9.	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (₹ In lakhs)		NIL
10.	Mode of Implementation -Direct (Yes/No)		Yes
11.	Mode of Implementation - Through Implementing Agency	Name	Not Applicable
		CSR Registration number	Not Applicable

1.	S. No.		**B**
2.	Name of the Project		Ramakrishna Mission Students Home, unit of Ramakrishna Mission
3.	Item from the list of activities in Schedule VII to the Act		(ii) Promoting Education
4.	Local area (Yes/No)		Yes
5.	Location of the project	State	Tamil Nadu
		District	NA
6.	Project duration		NA
7.	Amount allocated for the project (₹ In lakhs)		151.50
8.	Amount spent in the current financial Year (₹ In lakhs)		151.50
9.	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (₹ In lakhs)		NIL
10.	Mode of Implementation -Direct (Yes/No)		Yes
11.	Mode of Implementation - Through Implementing Agency	Name	Not Applicable
		CSR Registration number	Not Applicable

1.	S. No.		**C**
2.	Name of the Project		Hindu Mission Hospital
3.	Item from the list of activities in Schedule VII to the Act		(i) Promoting Healthcare
4.	Local area (Yes/No)		Yes
5.	Location of the project	State	Tamil Nadu
		District	Chennai
6.	Project Duration		NA
7.	Amount allocated for the project (₹ In lakhs)		224.20

8.	Amount spent in the current financial year (₹ In lakhs)		224.20
9.	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (₹ In lakhs)		NIL
10.	Mode of Implementation -Direct (Yes/No)		Yes
11.	Mode of Implementation -	Name	Not Applicable
	Through Implementing Agency	CSR Registration number	Not Applicable

d) Amount spent in Administrative Overheads: Nil

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

f) Total amount spent for the Financial Year (8b + 8c + 8d + 8e): INR 699.70 lakhs

g) Excess amount for set off if any: Nil

9. a) Details of Unspent CSR amount for the preceding three financial year:

Preceding Financial Year	Amount transferred to Unspent CSR Account under Section 135(6) (₹ in lakhs)	Amount spent in the reporting Financial Year (₹ in lakhs)	Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)			Amount remaining to be spent in succeeding financial year (₹ in lakhs)
			Name of the Fund	Amount (₹ in lakhs)	Date of transfer	
2020 - 21	150.00	50.00	-	-	-	100.00

b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

1.	S. No.	**A**
2.	Project ID	-
3.	Name of the Project	Sri Sathya Sai Institute of Educare Project
4.	Financial Year in which the project was commenced	2020-21
5.	Project duration	3 years
6.	Amount allocated for the project (₹ In lakhs)	176.13
7.	Amount spent on the project in the reporting financial Year (₹ In lakhs)	50.00
8.	Cumulative amount spent at the end of the reporting Financial Year	INR 76.13
9.	Status of Project (Ongoing / Completed)	Ongoing

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

11. Specify the reason(s), if the Company has failed to spend two per cent of the average net profit as per section 135(5): – Not Applicable

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

Place: Chennai
Date: April 27, 2022

CORPORATE GOVERNANCE REPORT

Annexure D

CORPORATE GOVERNANCE REPORT

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

Company Philosophy

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

Your Company has fair, transparent and ethical governance practices, essential for augmenting long-term shareholder value and retaining investor trust. This has been possible through continued efforts and commitment to the highest standards of corporate conduct.

Your Company has a dynamic, experienced and well-informed Board. The Board along with its Committees, with the Corporate Governance mechanism in place, undertakes its fiduciary duties towards all its stakeholders. Your Company has adopted a set of internal guidelines on Corporate Governance in line with its philosophy and the same is available on the website of the Company at https://fivestargroup.in/investors/.

Board of Directors

The corporate governance practices of the Company ensure that the Board of Directors remains informed, independent and involved in the Company and that there are ongoing efforts towards better governance to mitigate risks. The Board is committed to representing the long-term interests of the stakeholders and in providing effective governance over the Company's affairs and exercise reasonable business judgement on the affairs of the Company.

The Company's day to day affairs is managed by the Chairman & Managing Director and a competent management team, under the overall supervision of the Chairman and the Board. The Company has in place an appropriate risk management system covering various risks that the Company is exposed to, including fraud risks, which are discussed and reviewed by the audit committee and the Board every quarter. The Company's commitment to ethical and lawful business conduct is a fundamental shared value of the Board, the senior management, and all employees of the Company.

Composition

In compliance with the provisions of the Companies Act, 2013, and SEBI (LODR), 2015, the Board has an optimum combination of Executive, Non-Executive and Independent Directors. As on the date of this report, your Board of Directors consists of Eight (8) members including the Chairman & Managing Director. Of these, four (4) are Independent Directors (out of which one (1) is Women Director) and three (3) are Non-Executive Directors (out of which two (2) are Nominee Directors). Mr Lakshmipathy Deenadayalan is the Executive Chairman & Managing Director of the Company.

The Board members have collective experience in diverse fields like banking and financial services, audit, finance, risk, compliance, technology and data science. The directors are appointed based on their qualification and experience in varied fields. None of the directors are inter-se related.

The details of directors as of March 31, 2022, including the details of their other Board Directorship, Committee membership and their shareholdings, are given below:

Name	Category	No of Shares held in the Company	No of other Directorship pursuant to Regulation 17A of SEBI (LODR) 2015	No of other Committee membership pursuant to Regulation 26 of SEBI (LODR) 2015	Names of the other listed entities where the directors are holding directorship along with their designation
Mr Lakshmipathy Deenadayalan	Promoter Chairman & Managing Director	36,037,450	-	-	-
Mr Ramanathan Annamalai	Non-Executive Independent Director	NIL	1	2	1. Mangal Credit and Fincorp Limited - Non-Executive Independent Director
Ms Bhama Krishnamurthy	Non-Executive Independent Director	NIL	5	7	1.Thirumalai Chemicals Limited - Non-Executive Independent Director 2.Reliance Industrial Infrastructure Limited - Non-Executive Independent Director 3. Network18 Media & Investments Limited - Non-Executive Independent Director 4. Cholamandalam Investment and Finance Company Limited - Non-Executive Independent Director 5. CSB Bank Limited - Non-Executive Independent Director
Mr Anand Raghavan	Non-Executive Independent Director	NIL	-	2	-
Mr Srinivasaraghavan T T	Non-Executive Independent Director	NIL	2	3	1. Sundaram Finance Limited - Non-Executive Director 2. Sundaram Finance Holdings Limited - Non-Executive Chairman
Mr Thirulokchand Vasan	Non-Executive Director	NIL	-	-	-
Mr Vikram Vaidyanathan	Non-Executive Director	NIL	-	-	-
Mr G V Ravishankar	Non-Executive Director	NIL	3	2	1. Prataap Snacks Limited - Non- Executive - Nominee Director 2. Go Fashion (India) Limited - Non- Executive - Nominee Director 3. Indigo Paints Limited - Non- Executive – Alternate Director

In the opinion of the Board, the Independent Directors of the Company fulfill the conditions specified in SEBI (LODR), 2015 / Companies Act, 2013 and are independent of the management of the Company.

Meetings of the Board

The Board / Committee Meetings are convened by giving appropriate notice well in advance of the meetings. The Directors / Members are provided with appropriate information in the form of agenda in a timely manner to enable them to deliberate on each agenda item and make informed decisions and provide appropriate directions to the Management.

Video-conferencing facility is made available to facilitate Director(s) present at other locations to participate in the meetings. The same is conducted in compliance with the applicable laws. The Management Team attends the Board and Committee meetings upon invitation on need basis. The Board also takes on record the declarations and confirmations made by the Directors, Chief Executive Officer, Chief Financial Officer, and Company Secretary, regarding compliances of all laws.

During the financial year ended March 31, 2022, 10 (Ten) Board Meetings were held on: April 22, 2021, May 28, 2021, June 29, 2021, August 25, 2021, September 08, 2021, October 21, 2021, November 08, 2021, January 25, 2022, February 11, 2022, February 26, 2022. The requisite quorum was present for all the Meetings. The Board met at least once in a calendar quarter and the maximum time gap between any two meetings was not more than one hundred and twenty days (120).

Particulars of the Directors' attendance of the Meetings held during the financial year ended March 31, 2022, are given below:

Name	Board	Audit Committee	Nomination & Remuneration Committee	Corporate Social Responsibility Committee	Stakeholders' Relationship Committee	Risk Management Committee	Business & Resource Committee	IT Strategy Committee	IPO Committee	Annual General Meeting (August 06, 2021)
Mr Lakshmipathy Deenadayalan	10	-	-	2	1	3	23	2	1	Yes
Mr Ramanathan Annamalai	10	5	5	-	1	-	23	2	-	Yes
Ms Bhama Krishnamurthy	10	4	1	2	-	3	-	-	-	No
Mr Anand Raghavan	10	5	-	2	-	3	-	-	1	Yes
Mr Srinivasaraghavan T T	7	-	-	-	-	1	-	-	-	NA
Mr Thirulokchand Vasan	10	-	-	-	1	-	10	-	-	No
Mr Vikram Vaidyanathan	8	-	2	-	-	-	-	-	1	No
Mr Ravishankar G V	7	-	-	-	-	-	-	-	1	No
Mr L R Raviprasad	6	-	4	-	-	-	13	-	-	No
Mr B Haribabu	6	-	4	-	-	-	13	-	-	Yes
Mr Ling Wei Ong	-	-	-	-	-	-	-	-	-	NA
Mr Arjun Saigal	-	-	-	-	-	-	-	-	-	NA
Mr Sanjeev Mehra	5	-	-	-	-	-	-	-	-	No
Mr Gaurav Trehan	4	-	-	-	-	-	-	-	-	No

Changes in Board of Directors

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

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

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

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

- Mr Gaurav Trehan who was nominated by M/s Sirius II Pte. Ltd. was appointed as an Additional Non-Executive Director of the Company by the Board of Directors with effect from April 26, 2021, was regularized as a Non-Executive Director at the 37th Annual General Meeting held on August 06, 2021

- Mr Thirulokchand Vasan, Non-Executive Director, and Mr G V Ravishankar, Non-Executive Director nominated by SCI Investments V, retired by rotation at the 37th Annual General Meeting held on August 06, 2021, and were re-appointed

- Re-appointment of Mr Anand Raghavan as an Independent Director for a second term of 5 years effective July 28, 2021, was approved by the Board at its meeting held on May 28, 2021, and by the shareholders at the 37th Annual General Meeting held on August 06, 2021

- Mr T T Srinivasaraghavan who was appointed as the Additional (Independent) Director of the Company by the Board of Directors with effect from August 25, 2021 for a period of 5 years was regularized as an Independent Director at the Extra-ordinary General Meeting held on October 08, 2021

- Mr B Haribabu, Independent Director, resigned from his office of Directorship with effect from October 21, 2021 before completion of his tenure due to pre-occupation with other activities and there was no other material reason.

- Mr L R Raviprasad, Mr Sanjeev Mehra and Mr Gaurav Trehan, Non-Executive Directors have resigned from their office of Directorship with effect from October 21, 2021, and the same was noted by the Board of Directors of the Company at their meeting held on October 21, 2021

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

- Mr Lakshmipathy Deenadayalan was reappointed as the Chairman & Managing Director of the Company for a further period of 5 years with effect from June 01, 2022, subject to the approval of the shareholders of the Company at the ensuing general meeting in accordance with Section 196 of the Companies Act, 2013. Based on the recommendation of the Nomination & Remuneration Committee and in the opinion of your Board, Mr Lakshmipathy Deenadayalan has requisite qualifications and experience and therefore, your directors recommend his reappointment in the ensuing Annual General Meeting

- In terms of Section 152 of the Companies Act, 2013, Mr Vikram Vaidyanathan retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for reappointment. Based on the recommendation of the Nomination & Remuneration Committee and in the opinion of your Board, Mr Vikram Vaidyanathan has requisite qualifications and experience and therefore, your directors recommend his reappointment in the ensuing Annual General Meeting.

Independent Directors

Pursuant to Section 149(7) of the Companies Act, 2013 read along with Rule 6 of the Companies (Appointment and Qualifications of Directors) Rules, 2014 of the Companies Act, 2013 and Regulation 25(8) of the SEBI (LODR), 2015, the Company has received necessary declarations/ disclosures from each of the Independent Directors of the Company stating that he/she meets the criteria of independence as required under Section 149(6) of the Companies Act, 2013 and that he/she has a valid certificate of registration for his/her enrollment into the data bank for Independent Directors.

None of the Independent Directors are Promoters or are related to Promoters. They do not have any pecuniary relationship with the Company and further do not hold two percent or more of the total voting power of the Company.

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

During the year under review, in line with the requirement under section 149(8) and schedule IV of the Act, the Independent Directors had a separate meeting on March 09, 2022 which was conducted to enable Independent Directors, discuss matters relating to Company's affairs and put forth their views without the presence of the non-independent directors and management team.

Familiarisation Programme

The Company's Independent Directors are eminent professionals and are fully conversant and familiar with the business of the Company. The Company has an ongoing familiarization programme for all directors with regard to their roles, duties, rights, responsibilities in the Company, nature of the industry in which the Company operates, the business model of the Company, etc. The programme is embedded in the regular meeting agenda where alongside the review of operations, financials and Company strategy are presented on a quarterly basis. The details of the familiarisation programme attended by directors are available on the website of the Company at https://fivestargroup.in/investors/.

Code of Conduct

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

All Board members and senior management personnel have affirmed compliance with the Company's code of conduct for the financial year 2021-22. A declaration to this effect has been enclosed with this report as **Annex I**.

Certificate from Company Secretary in Practice

Mr S Sandeep of M/s S Sandeep & Associates has issued a certificate as required under the SEBI (LODR), 2015 confirming that none of the directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as director of companies by SEBI / Ministry of Corporate Affairs or any such statutory authority. A certificate to this effect has been enclosed to this report as **Annex II**.

Competencies of the Board

The following is the list of core skills / expertise / competencies identified by the Board of Directors as required in the context of Company's business for its effective functioning. It is also confirmed that the directors possess these skills and competencies in order to ensure effective functioning of the Company.

Core skills / Expertise / Competencies

Financial Services

Strategy & Planning

Risk Management

Corporate Governance

Technology

Management & Leadership

The director-wise skills and competencies are laid out in the table below:

Name of the Director	Core skills / Expertise / Competencies
Mr Lakshmipathy Deenadayalan	Financial Services, Strategy & Planning, Risk Management, Corporate Governance and Management & Leadership
Mr Ramanathan Annamalai	Financial Services, Strategy & Planning, Corporate Governance and Management & Leadership
Ms Bhama Krishnamurthy	Financial Services, Strategy & Planning, Risk Management, Corporate Governance and Management & Leadership
Mr Anand Raghavan	Financial Services, Strategy & Planning, Risk Management, Corporate Governance and Management & Leadership
Mr Srinivasaraghavan T T	Financial Services, Strategy & Planning, Risk Management, Corporate Governance, Technology, Management & Leadership
Mr Thirulokchand Vasan	Financial Services, Strategy & Planning, Corporate Governance and Management & Leadership
Mr Vikram Vaidyanathan	Financial Services, Strategy and Planning, Corporate Governance, Technology, Management & Leadership
Mr G V Ravishankar	Financial Services, Strategy and Planning, Corporate Governance, Technology, Management & Leadership

Committees of the Board

Your Company has nine Committees constituted by the Board – Audit Committee, Nomination & Remuneration Committee, Stakeholders Relationship Committee, Risk Management Committee, Corporate Social Responsibility Committee, Business & Resource Committee, IT Strategy Committee, Asset & Liability Committee and IPO Committee.

The Board at the time of constitution of each Committee fixes the terms of reference, reviews it and delegates powers from time to time. Various recommendations of the Committees are submitted to the Board for approval. During the year, the Board had accepted all recommendations of the Committees. The minutes of the meetings of all the Committees are circulated to the Board for its information.

Audit Committee

Composition and Meetings

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

1. Mr Anand Raghavan, Independent Director (Chairperson)
2. Mr Ramanthan Annamalai, Independent Director
3. Ms Bhama Krishnamurthy, Independent Director

The Audit Committee of the Board met five (5) times during the financial year on May 27, 2021, August 24, 2021, October 20, 2021, November 08, 2021, and February 11, 2022, respectively. The gap between two meetings of the Committee did not exceed one hundred and twenty days (120) and the requisite quorum was present in all the Committee meetings. In addition to the members of the Audit Committee, these meetings were also attended by the Chief Financial Officer, Internal Auditors, Statutory Auditors and other management team members who were considered necessary for providing inputs to the Committee. The Company Secretary acts as the Secretary to the Audit Committee.

Terms of reference:

1. Overseeing the Company's financial reporting process and the disclosure of its financial interest to ensure that the financial statements are correct, sufficient and credible;
2. Recommending to the Board for appointment, remuneration and terms of appointment of the statutory auditor of the Company;
3. Reviewing and monitoring the statutory auditor's independence and performance, and effectiveness of audit process;
4. Approving payments to statutory auditors for any other services rendered by the statutory auditors;
5. Reviewing with the management the annual financial statements and auditors report thereon before submission to the Board, with particular reference to:
   - Matters required to be included in Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act;
   - Changes, if any in accounting policies and practices and reasons for the same;
   - Major accounting entries involving estimates based on the exercise of judgement by management;
   - Significant adjustments made in the financial statements arising out of audit findings;
   - Compliance with listing and other legal requirements relating to financial statements;
   - Disclosure of any Related Party Transactions; and
   - Modified opinion(s) in the draft Audit Report.
6. Reviewing with the management the quarterly, half-yearly and annual financial statements before submission to the Board for approval;
7. Reviewing, with the management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document/ prospectus/ notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in this matter. This also includes monitoring the use/application of the funds raised through the proposed initial public offer by the Company;
8. Approval or any subsequent modifications of transactions of the Company with related parties and omnibus approval for subject to the conditions as may be prescribed, by the independent directors who are members of the Audit Committee;
9. Scrutinising of inter-corporate loans and investments;
10. Valuation of undertakings or assets of the Company, wherever it is necessary;
11. Evaluating internal financial controls and risk management systems;
12. Establishing a vigil mechanism for directors and employees to report their genuine concerns or grievances;
13. Reviewing, with the management, the performance of statutory and internal auditors, and adequacy of the internal control systems;
14. Reviewing the adequacy of internal audit function if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
15. Discussing with internal auditors on any significant findings and follow up thereon;
16. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
17. Discussing with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
18. Looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;

19. Reviewing the functioning of the whistle blower mechanism;
20. Approving the appointment of the Chief Financial Officer or any other person heading the finance function or discharging that function after assessing the qualifications, experience and background, etc. of the candidate; and
21. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee and any other terms of reference as may be decided by the Board and/or specified/provided under the Companies Act, the Listing Regulations or by any other regulatory authority;
22. Reviewing the utilization of loans and/ or advances from/investment by the Holding Company in any subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as per applicable law;
23. Considering and commenting on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the Company and its shareholders;

The Committee shall mandatorily review the following information:

1. Management's discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions (as defined by the Audit Committee), submitted by the management. Provided that only those members of the Audit Committee, who are independent directors, shall approve related party transactions;
3. Management letters / letters of internal control weaknesses issued by the statutory auditors;
4. Internal audit reports relating to internal control weaknesses;
5. The appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the Audit Committee;
6. Examination of the financial statements and the auditors' report thereon; and
7. Statement of deviations:
   a. quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of the Listing Regulations; and
   b. annual statement of funds utilised for purposes other than those stated in the document/prospectus/notice in terms of the Listing Regulations.

Nomination & Remuneration Committee

Composition and Meetings

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

1. Ms Bhama Krishnamurthy, Independent Director (Chairperson)
2. Mr Ramanathan Annamalai, Independent Director
3. Mr Vikram Vaidyanathan, Non-Executive Director

The Nomination & Remuneration Committee of the Board met 5 (Five) times during the financial year on May 26, 2021, June 29, 2021, August 25, 2021, September 08, 2021, and February 26, 2022. The requisite quorum was present in all the Committee meetings. In addition to the members of the Nomination & Remuneration Committee, these meetings were also attended by the management team members who were considered necessary for providing inputs to the Committee on need basis. The Company Secretary acts as the Secretary to the Nomination & Remuneration Committee.

Terms of Reference

1. Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommending to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;

2. For every appointment of an independent director, the Nomination & Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:

   a. use the services of an external agencies, if required;
   b. consider candidates from a wide range of backgrounds, having due regard to diversity; and
   c. consider the time commitments of the candidates.

3. Formulation of criteria for evaluation of the performance of the independent directors and the Board;
4. Devising a policy on Board diversity;
5. Identifying persons who qualify to become directors or who may be appointed in senior management in accordance with the criteria laid down, recommending to the Board their appointment and removal, and carrying out evaluations of every director's performance;
6. Determining whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;
7. Analysing, monitoring and reviewing various human resource and compensation matters;
8. Determining the Company's policy on specific remuneration packages for executive directors including pension rights and any compensation payment, and determining remuneration packages of such directors;
9. Determining the compensation levels payable to the senior management personnel and other staff (as deemed necessary), which shall be market-related, usually consisting of a fixed and variable component;
10. Reviewing and approving compensation strategy from time to time in the context of the then current Indian market in accordance with applicable laws;
11. Performing such functions as are required to be performed by the Compensation Committee under the Securities and Exchange Board of India ((Share Based Employee Benefits and Sweat Equity) Regulations, 2021, as amended;
12. Framing suitable policies and systems to ensure that there is no violation, by an employee of any applicable laws in India or overseas, including:

   a. the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended; or
   b. the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003, as amended.

13. Performing such other activities as may be delegated by the Board and/or specified/provided under the Companies Act, the Listing Regulations or by any other regulatory authority; and
14. Recommend to the Board, all remuneration, in whatever form, payable to senior management.

Stakeholders Relationship Committee

Composition and Meetings

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

1. Mr Ramanathan Annamalai, Independent Director (Chairperson)
2. Mr Lakshmipathy Deenadayalan, Chairman & Managing Director
3. Mr Thirulokchand Vasan, Non-Executive Director

The Stakeholders Relationship Committee met on March 08, 2022. The requisite quorum was present in the Committee meeting. The Company Secretary acts as the Secretary to the Stakeholders Relationship Committee.

Terms of Reference

1. To consider and resolve the grievances of the security holders of the Company including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc. and assisting with quarterly reporting of such complaints;
2. To review measures taken for effective exercise of voting rights by shareholders;
3. To review adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent;
4. To review the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company; and
5. Carrying out such other functions as may be specified by the Board from time to time or specified/provided under the Companies Act, 2013 or the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, each as amended or by any other regulatory authority.

Risk Management Committee - Composition and Meetings

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

1. Mr T T Srinivasaraghavan, Independent Director (Chairperson)
2. Ms Bhama Krishnamurthy, Independent Director
3. Mr Lakshmipathy Deenadayalan, Chairman & Managing Director
4. Mr Anand Raghavan, Independent Director

The Risk Management Committee met 3 (Three) times during the financial year on May 27, 2021, August 24, 2021, and March 09, 2022, respectively. The requisite quorum was present in all the Committee meetings. The Company Secretary acts as the Secretary to the Risk Management Committee.

Terms of Reference

1. To formulate a detailed risk management policy which shall include:
   a. A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.
   b. Measures for risk mitigation including systems and processes for internal control of identified risks.
   c. Business continuity plan.
2. To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
3. To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
4. To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
5. To keep the Board of Directors informed about the nature and content of its discussions, recommendations and actions to be taken;
6. The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee;
7. To carry out such other functions as may be specified by the Board from time to time or specified/provided the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, each as amended or by any other regulatory authority.

Corporate Social Responsibility Committee

Composition and Meetings

As on the date of this report the Corporate Social Responsibility Committee comprises of following members:

1. Mr Lakshmipathy Deenadayalan, Chairman & Managing Director (Chairperson)
2. Ms Bhama Krishnamurthy, Independent Director
3. Mr Anand Raghavan, Independent Director

The Corporate Social Responsibility Committee of the Board met 2 (two) times during the financial year on May 27, 2021, and March 09, 2022, respectively. The requisite quorum was present in all the Committee meetings. The Company Secretary acts as the Secretary to the CSR Committee.

Terms of Reference

1. Formulation of a corporate social responsibility policy to the Board, indicating the activities to be undertaken by the Company in areas or subjects specified in the Companies Act, 2013. The activities should be within the list of permitted activities specified in the Companies Act, 2013 and the rules thereunder;
2. To recommend the amount of expenditure to be incurred, amount to be at least 2% of the average net profit of the Company in the three immediately preceding financial years or where the Company has not completed the period of three financial years since its incorporation, during such immediately preceding financial years;
3. To institute a transparent monitoring mechanism for implementation of the corporate social responsibility projects or programs or activities undertaken by the Company;
4. To monitor the corporate social responsibility policy from time to time and issuing necessary directions as required for proper implementation and timely completion of corporate social responsibility programmes;
5. To identify corporate social responsibility policy partners and corporate social responsibility policy programmes;
6. To identify and appoint the corporate social responsibility team of the Company including corporate social responsibility manager, wherever required;
7. To perform such other duties and functions as the Board may require the corporate social responsibility Committee to undertake to promote the corporate social responsibility activities of the Company or as may be required under applicable laws; and
8. To take note of the compliances made by implementing agency (if any) appointed for the corporate social responsibility activities of the Company.

IT Strategy Committee - Composition and Meetings

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

1. Mr Ramanthan Annamalai, Independent Director (Chairperson)
2. Mr G V Ravishankar, Non-Executive Director
3. Mr Lakshmipathy Deenadayalan, Chairman & Managing Director
4. Mr Rangarajan Krishnan, Chief Executive Officer
5. Mr Srikanth Gopalakrishnan, Chief Financial Officer
6. Mr Vanamali Sridharan, Chief Technology Officer
7. Mr Sridhar Vembu, Head – Engineering, Development & Data Sciences
8. Mr Vishnu Prasad, Head - Technology

The IT Strategy Committee meets regularly to review the areas falling within its terms of reference as given below. During the financial year ended March 31, 2022, the IT Strategy Committee met 2 (Two) times on April 28, 2021, and October 20, 2021, respectively. The requisite quorum was present in all the Committee meetings. The Company Secretary acts as the Secretary to the IT Strategy Committee.

Terms of Reference

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

Business & Resource Committee

Composition and Meetings

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

1. Mr Lakshmipathy Deenadayalan, Chairman & Managing Director (Chairperson)
2. Mr Ramanathan Annamalai, Independent Director
3. Mr Thirulokchand Vasan, Non-Executive Director

The Business & Resource Committee of the Board met 23 (Twenty Three) times during the financial year on April 09, 2021, June 18, 2021, July 09, 2021, July 23, 2021, August 04, 2021, August 06, 2021, August 09, 2021, August 10, 2021, August 13, 2021, August 25, 2021, August 30, 2021, September 10, 2021, October 08, 2021, October 30, 2021, November 10, 2021, December 10, 2021, December 22, 2021, December 28, 2021, January 12, 2022, January 17, 2022, February 11, 2022, March 08, 2022 and March 29, 2022 respectively. The requisite quorum was present in all the Committee meetings.

Terms of Reference

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

4. To open one or more demat / trading / Constituent SGL (CSGL) Accounts in the name of the Company with one or more depositories for the purpose of investment and trading in government securities and treasury bills;
5. To consider and approve securitization arrangements and to authorize carrying out of all actions connected therewith;
6. Issuance of Share/Debenture and other security certificates:
   a. Issuance of fresh Share/Debenture and other security certificates
   b. Issuance of duplicate Share/Debenture and other security certificates
   c. Issuance of certificates upon request of the Company on split/ consolidation /replacement of old and duplicate certificates, transfer or transmission requests.
7. To approve/ratify transfer of securities, to take note of nomination/transmission;
8. To review, modify and approve investment policy of the Company from time to time;
9. To authorize affixing the common seal of the Company in accordance with the manner laid down in the Articles of Association and to authorize taking the Common Seal out of the registered office of the Company;
10. Other authorizations as may be vested by the Board from time to time.

Asset Liability Committee

Composition and Meetings

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

1. Mr Lakshmipathy Deenadayalan, Chairman & Managing Director - (Chairperson)
2. Mr Rangarajan Krishnan, Chief Executive Officer
3. Mr Srikanth Gopalakrishnan, Chief Financial Officer
4. Mr J Vishnuram, Chief Operating Officer
5. Mr Naveen Raj, Chief Audit Officer
6. Mr S Jayaraman, Chief Risk Officer
7. Mr S Prashanth, Head – Treasury

The Asset Liability Committee meets regularly to review the areas falling within its terms of reference as given below. During the financial year ended on March 31, 2022, the Asset Liability Committee met 7 (Seven) times on April 26, 2021, June 18, 2021, July 23, 2021, September 25, 2021, November 27, 2021, January 22, 2022, and March 25, 2022. The requisite quorum was present in all the Committee meetings.

Terms of Reference

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

IPO Committee

Composition and Meetings

As on the date of this report, the IPO Committee comprises of the following members:

1. Mr Lakshmipathy Deenadayalan, Chairman & Managing Director (Chairperson)
2. Mr Anand Raghavan, Independent Director

3. Mr Vikram Vaidyanathan, Non-Executive Director
4. Mr G V Ravishankar, Non-Executive Director

The IPO Committee meets as and when required to review the areas falling within its terms of reference as given below. During the financial year ended on March 31, 2022, the IPO Committee met once on November 09, 2021. The requisite quorum was present in the said Committee meeting. The Company Secretary acts as the Secretary to the IPO Committee.

Terms of Reference

1. To make applications, seek clarifications, obtain approvals and seek exemptions from, where necessary, the SEBI, the Registrar of Companies, Tamil Nadu at Chennai, the RBI, and any other governmental or statutory authorities as may be required in connection with the Offer and accept on behalf of the Board such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, permissions and sanctions as may be required and wherever necessary, incorporate such modifications / amendments as may be required in the draft red herring prospectus, the red herring prospectus and the prospectus as applicable;
2. To finalize, settle, approve, adopt and file in consultation with the book running lead managers appointed for the Offer (the "BRLMs") where applicable, the draft red herring prospectus, the red herring prospectus and the prospectus in connection with the Offer , the preliminary and final international wrap and any amendments, supplements, notices, addenda or corrigenda thereto, the bid cum application forms, abridged prospectus, confirmation of allocation notes and any other document in relation to the Offer, and take all such actions as may be necessary for the submission and filing of these documents including incorporating such alterations / corrections / modifications as may be required by SEBI, the Registrar of Companies, Tamil Nadu at Chennai or any other relevant governmental and statutory authorities or in accordance with applicable laws;
3. To decide along with the Selling Shareholders in consultation with the BRLMs on the actual Offer size, timing, pricing, discount, reservation and all the terms and conditions of the Offer, including the price band (including offer price for anchor investors), bid period, Offer price, and to do all such acts and things as may be necessary and expedient for, and incidental and ancillary to the Offer including to make any amendments, modifications, variations or alterations in relation to the Offer;
4. To appoint and enter into and terminate arrangements with the BRLMs, underwriters to the Offer, syndicate members to the Offer, brokers to the Offer, escrow collection bankers to the Offer, refund bankers to the Offer, registrars, legal advisors, auditors, advertising agency, monitoring agency and any other agencies or persons or intermediaries in relation to the Offer, to negotiate, finalise and amend the terms of their appointment, including but not limited to the execution of the mandate letter with the BRLMs and negotiation, finalization, execution and, if required, amendment of the offer agreement with the BRLMs, and to remunerate all such intermediaries/agencies including the payments of commissions, brokerages, etc.;
5. To negotiate, finalise and settle and to execute and deliver or arrange the delivery of the draft red herring prospectus, the red herring prospectus, the prospectus, the preliminary and final international wrap, offer agreement, syndicate agreement, underwriting agreement, share escrow agreement, cash escrow agreement, agreements with the registrar to the Offer and all other documents, deeds, agreements and instruments whatsoever with the registrar to the Offer, legal advisors, auditors, advertising agency and the monitoring agency stock exchange(s), BRLMs, any selling shareholders in the Offer (the "Selling Shareholders") and any other agencies/intermediaries in connection with the Offer with the power to authorise one or more officers of the Company to execute all or any of the aforesaid documents or any amendments thereto as may be required or desirable in relation to the Offer;
6. To seek, if required, the consent and/or waiver of the lenders of the Company and its subsidiaries, as applicable, customers, parties with whom the Company has entered into various commercial and other agreements, all concerned government and regulatory authorities in India or outside India, and any other consents and/or waivers that may be required in relation to the Offer or any actions connected therewith;

7. To open and operate bank accounts in terms of the escrow agreement and to authorize one or more officers of the Company to execute all documents/deeds as may be necessary in this regard;
8. To open and operate bank accounts of the Company in terms of Section 40(3) of the Companies Act, 2013, as amended, and to authorize one or more officers of the Company to execute all documents/deeds as may be necessary in this regard;
9. To authorize and approve incurring of expenditure and payment of fees, commissions, brokerage, remuneration and reimbursement of expenses in connection with the Offer;
10. To accept and appropriate the proceeds of the Offer in accordance with the applicable laws;
11. To approve code of conduct as may be considered necessary by the IPO Committee or as required under the applicable laws, regulations or guidelines for the Board, officers of the Company and other employees of the Company;
12. To approve the implementation of any corporate governance requirements that may be considered necessary by the Board or the IPO Committee or as may be required under the applicable laws or the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended and listing agreements to be entered into by the Company with the relevant stock exchanges, to the extent allowed under law;
13. To issue receipts/allotment letters/confirmation of allotment notes either in physical or electronic mode representing the underlying Equity Shares in the capital of the Company with such features and attributes as may be required and to provide for the tradability and free transferability thereof as per market practices and regulations, including listing on one or more stock exchange(s), with power to authorize one or more officers of the Company to sign all or any of the aforestated documents;
14. To authorize and approve notices, advertisements in relation to the Offer in consultation with the relevant intermediaries appointed for the Offer;
15. To do all such acts, deeds, matters and things and execute all such other documents, etc., as may be deemed necessary or desirable for such purpose, including without limitation, to finalise the basis of allocation and to allot the shares to the successful allottees as permissible in law, issue of allotment letters/confirmation of allotment notes, share certificates in accordance with the relevant rules, in consultation with the BRLMs;
16. To do all such acts, deeds and things as may be required to dematerialise the Equity Shares and to sign and/ or modify, as the case maybe, agreements and/or such other documents as may be required with the National Securities Depository Limited, the Central Depository Services (India) Limited, registrar and transfer agents and such other agencies, authorities or bodies as may be required in this connection and to authorize one or more officers of the Company to execute all or any of the aforestated documents;
17. To make applications for listing of the Equity Shares in one or more stock exchange(s) for listing of the Equity Shares and to execute and to deliver or arrange the delivery of necessary documentation to the concerned stock exchange(s) in connection with obtaining such listing including without limitation, entering into listing agreements and affixing the common seal of the Company where necessary;
18. To settle all questions, difficulties or doubts that may arise in regard to the Offer, including issue or allotment, terms of the Offer, utilisation of the Offer proceeds and matters incidental thereto as it may deem fit;
19. To submit undertaking/certificates or provide clarifications to the SEBI, Registrar of Companies, Tamil Nadu at Chennai and the relevant stock exchange(s) where the Equity Shares are to be listed;
20. To negotiate, finalize, settle, execute and deliver any and all other documents or instruments and to do or cause to be done any and all acts or things as the IPO Committee may deem necessary, appropriate or advisable in order to carry out the purposes and intent of this resolution or in connection with the Offer and any documents or instruments so executed and delivered or acts and things done or caused to be done by the IPO Committee shall be conclusive evidence of the authority of the IPO Committee in so doing;
21. To approve suitable policies on insider trading, whistle-blowing, risk management, and any other policies as may be required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, or any other applicable laws;

22. Deciding, negotiating and finalising the pricing and all other related matters regarding the execution of the relevant documents with the investors in consultation with the BRLMs and in accordance with applicable laws;
23. Taking on record the approval of the Selling Shareholders for offering their Equity Shares in the Offer for Sale and taking all actions as may be authorised in connection therewith;
24. To withdraw the draft red herring prospectus or the red herring prospectus or to decide to not proceed with the Offer at any stage in accordance with applicable laws and in consultation with the BRLMs; and
25. To delegate any of its powers set out hereinabove, as may be deemed necessary and permissible under applicable laws to the officials of the Company.

Remuneration of Directors

The Company has in place a remuneration policy which is guided by the principles and objectives as enumerated in section 178 of the Companies Act 2013.

The compensation paid to the directors is within the statutory ceiling and the scale approved by the Board and shareholders. The non-executive directors are also paid sitting fees subject to the statutory ceiling for all Board and committee meetings attended by them.

During the financial year ended March 31, 2022, there were no pecuniary relationships / transactions with any non-executive directors and the Company, apart from receiving remuneration as directors. During the financial year ended March 31, 2022, the Company did not advance any loans to any of its directors.

Performance Evaluation of Board, its Committees and Directors

As per the provisions of the Companies Act, 2013, the Board has carried out an annual performance evaluation of its own performance, the directors individually as well as the evaluation of the working of its Committees. A structured exercise was carried out based on the criteria for evaluation forming part of the Directors Appointment, Remuneration & Evaluation Policy, including framework for performance evaluation of Directors, Board & Committees, Criteria for Evaluation and the inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, attendance at meetings, Board culture, duties of directors, and governance. The aforesaid policy is available on the website of the Company at https://fivestargroup.in/investors/.

Remuneration to Chairman & Managing Director

The details of remuneration as approved by the Board and shareholders based on the recommendations of the Nomination & Remuneration Committee and paid to Mr Lakshmipathy Deenadayalan, Chairman & Managing Director for the financial year ended March 31, 2022, are as follows:

Particulars	Amount (₹ in lakhs)
Gross Salary	
Salary as per provisions of Section 17(1) of the Income Tax Act, 1961	409.05
Value of perquisites under Section 17(2) of Income Tax Act, 1961	2.61
Profits in lieu of salary under Section 17(3) of Income Tax Act, 1961	-
Commission, Bonus etc	220.00
Stock Options	-
Pension	0.21
Total	**631.87**

Remuneration to Non-Executive Directors

Sitting Fees

All directors except the Chairman & Managing Director and Nominee Directors of Investors are paid a sitting fee of INR 50,000/- for attending every meeting of the Board and INR. 40,000/- for attending every meeting of the Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee, Risk Management Committee, IPO Committee and Independent Directors Meeting.

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

Name	Designation	Sitting Fees (₹)	
		Board	Committee
Mr B Haribabu	Independent Director	300,000	160,000
Mr Ramanathan Annamalai	Independent Director	500,000	440,000
Mr Anand Raghavan	Independent Director	500,000	480,000
Ms Bhama Krishnamurthy	Independent Director	500,000	440,000
Mr Srinivasaraghavan T T	Independent Director	350,000	80,000
Mr L R Raviprasad	Non-Executive Director	300,000	160,000
Mr Thirulokchand Vasan	Non-Executive Director	500,000	-
Total		**2,950,000**	**1,760,000**

Commission to Non-Executive Directors

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

The details of commission paid to Non-Executive Directors during the financial year ended March 31, 2022, are as follows:

Name of Director	Designation	Commission (₹)
Mr B Haribabu	Independent Director	200,000
Mr Ramanathan Annamalai	Independent Director	400,000
Mr Anand Raghavan	Independent Director	400,000
Ms Bhama Krishnamurthy	Independent Director	400,000
Mr T T Srinivasaraghavan	Independent Director	400,000
Mr L R Raviprasad	Non-Executive Director	200,000
Mr Thirulokchand Vasan	Non-Executive Director	400,000
Total		**2,400,000**

Related Party Transactions disclosures

All related party transactions that were entered into during the financial year were on arm's length basis and in ordinary course of business. There were no materially significant transactions made by the Company with promoters, directors, key managerial personnel or other designated persons which may have a potential conflict with the interest of the Company. There were no contracts or arrangements entered into with related parties during the year to be disclosed under sections 188(1) and 134(3)(h) of the Companies Act in form AOC 2.

The Company has in place a policy on related party transactions as approved by the Board and the same is available on the website of the Company at https://fivestargroup.in/investors/

Whistle Blower Policy & Vigil Mechanism

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

During the year under review, no complaints were received by the Company and no complaints are outstanding as on March 31, 2022.

Disclosure under POSH Act, 2013

Your Company has not received any complaints under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 during the financial year ended March 31, 2022 and there are no complaints pending as on the end of the financial year.

Subsidiary Company

Your Company does not have any Subsidiary Company. However, a policy for determining material subsidiaries is hosted on the website of your Company at https://fivestargroup.in/investors/.

Penalties

There were no penalties, strictures imposed on the Company by stock exchange(s) or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

Fees paid to Statutory Auditors

The total fees paid by the Company during the financial year ended March 31, 2022, to the Statutory Auditors including all entities in their network firm / entity of which they are a part is given below:

Particulars	Amount (₹ in lakhs)
Fees for audit and related services paid to statutory auditors and affiliates firms and to entities of the network of which the statutory auditor is a part	109.00
Other fees paid to statutory auditors & affiliates firms and to entities of the network of which the statutory auditor is a part	10.63
Total	**119.63**

Compliance with Corporate Governance Norms

Your Company being a High Value Debt Listed entity, Regulations 15 to 27 of SEBI (LODR) 2015 are applicable to the Company on a comply or explain basis until March 31, 2023. The requirements of Regulation 17 to Regulation 27 of SEBI (LODR) 2015 to the extent applicable to the Company have been complied with as disclosed in this report.

A detailed compliance report is circulated to the Board along with the agenda every quarter. The Board reviews the compliance of all applicable laws every quarter.

Pursuant to Regulation 27(1) of SEBI (LODR), 2015, the Company has also adopted the following discretionary requirements:

- Modified opinion(s) in audit report: Your Company confirms that its financial statements have unmodified audit opinions.

- Reporting of internal auditor: The Internal Auditor of the Company reports directly to the Audit Committee.

Compliance Certificate on Corporate Governance

The certificate on compliance of corporate governance norms from a Practicing Company Secretary is enclosed to this report as **Annex III**.

CEO/CFO Certification

Chief Executive Officer and Chief Financial Officer have submitted a compliance certificate to the Board regarding the financial statements and internal control systems as required under Regulation 17(8) of SEBI (LODR) 2015.

General Body Meetings

Particulars of last three Annual General Meetings and special resolutions passed are given below:

Year	Date & Time	Venue	Special Resolutions passed
2021	August 6, 2021, at 10.30 AM	Registered Office	- Re-appointment of Mr Anand Raghavan as Independent Director - Revision in remuneration of Mr D Lakshmipathy, Chairman & Managing Director of the Company - Issue and offer of upto 300,000 equity shares of INR10/- each on preferential basis by way of private placement
2020	August 31, 2020, at 10.30 AM	Registered Office	- Fixing of borrowing limits of the Company - Offer and Invitation to subscribe to Non- Convertible Debentures (NCDs) on private placement basis - Creation of charges on the assets of the Company - Reappointment of Mr B Haribabu as Independent Director - Revision in remuneration of Mr D Lakshmipathy, Chairman & Managing Director of the Company
2019	September 25, 2019, at 10.30 AM	Registered Office	- Fixing of borrowing limits of the Company - Offer and Invitation to subscribe to Non- Convertible Debentures (NCDs) on private placement basis - Creation of charges on the assets of the Company - Revision in remuneration of Mr D Lakshmipathy, Chairman & Managing Director of the Company

Extra-Ordinary General Meeting:

During the financial year ended March 31, 2022, three (3) Extra-Ordinary General Meetings were held on April 22, 2021, October 08, 2021, and March 11, 2022, respectively.

Postal Ballot:

During the financial year ended March 31, 2022, no postal ballot was conducted.

No special resolution is proposed to be conducted through postal ballot.

Means of Communication

All information that are required to be disseminated by the Company in terms of SEBI (LODR), 2015, are uploaded on the website of the Company.

The quarterly, half-yearly and annual financial results as applicable to the Company were published in Newspapers viz., Business Standard and Makkal Kural. The annual report of the Company, and other major announcements like notices of annual general meeting are also posted on the Company's website.

General Shareholder Information

Particulars	Details
Financial Year	April 01, 2021 to March 31, 2022
Annual General Meeting	
Date and Time	September 02, 2022 at 10:30 AM
Venue	Registered Office: New No 27, Old No 4, Taylor's Road, Kilpauk, Chennai - 600 010.
Company's correspondence details	Five-Star Business Finance Limited New No. 27, Old No. 4, Taylor's Road, Kilpauk, Chennai – 600 010, Tamil Nadu, India Phone: 044 46106200 | Email: secretary@fivestargroup.in Website: www.fivestargroup.in
Contact details of the designated official for assisting and handling investor grievances	Ms Shalini Baskaran Company Secretary and Compliance Officer Phone: 044 46106260 | Email: cs@fivestargroup.in
CIN	U65991TN1984PLC010844
ISIN (Equity shares)	INE128S01021

Listing on Stock Exchanges

Debt securities are listed in the Wholesale Debt Market (WDM) Segment of BSE Limited - Floor 25, Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai - 400 001

The listing fees for the debt securities for FY 2022 were paid.

Registrar and Share Transfer Agent

Equity Shares	Debt Securities
KFin Technologies Limited (Unit: Five-Star Business Finance Limited) Selenium, Tower B, Plot No 31 and 32, Financial District, Nanakramguda, Serilingampally, Hyderabad, Rangareddi 500 032, Telangana, India Phone: 040-67162222 Email: einward.ris@kfintech.com	***NSDL Database Management Limited*** 4th Floor, Trade World, 'A' Wing, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 400013 Phone: 022-4914 2591 Email: nileshb@nsdl.co.in

Debenture Trustees

Catalyst Trusteeship Limited
GDA House, Plot No. 85, Bhusari Colony (Right),
Paud Road, Pune - 411 038
Tel: +91 (020) 25280081
Email: dt@ctltrustee.com
Website: www.catalysttrustee.com

IDBI Trusteeship Services Limited
Asian Building, Ground Floor, 17, R. Kamani
Marg, Ballard Estate, Mumbai - 400 001
Tel: +91 (020) 25280081
Email: itsl@idbitrustee.com
Website: www.idbitrustee.com

Dematerialization of shares and liquidity

Pursuant to Rule 9A of the Companies (Prospectus and Allotment of Securities) Rules, 2014, the entire holdings of the promoters, directors, key managerial personnel of your Company have been dematerialized. As the equity shares of your Company is not listed on the Stock Exchange, the shares were not traded on the Stock Exchange.

Unclaimed Dividend

Pursunt to Sections 124 and 125 of the Companies Act, 2013, read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, including amendments thereto, dividend if any if not claimed within seven years from the date of transfer to Unpaid Dividend Account of the Company, is liable to be transferred to Investor Education Protection Fund (“IEPF”).

The list of unclaimed dividends along with the name of the shareholders have been uploaded on the website of the Company.

Further there are no shares in demat suspense account or unclaimed suspense account of the Company as of March 31, 2022 and as of the date of this report.

Commodity price risk or foreign exchange risk and hedging activities

Your Company does not deal in any commodity and hence is not directly exposed to any commodity price risk. Further, the Company has availed External Commercial Borrowings (ECBs) during the financial year ended March 31, 2022, and so has entered into derivative transactions with various counter parties to hedge its foreign exchange risks and interest rate risks associated thereon. The ECBs are fully hedged and do not possess any foreign exchange risk which is in line with your Company's policy.

Outstanding Global Depository Receipts (GDRs) / American Depository Receipts (ADRs) / Warrants or any Convertible Instruments, Conversion date and likely impact on equity

The Company has not issued any GDRs/ADRs/Warrants or any Convertible Instruments.

Locations / Offices

The Company's registered office is in Chennai and it operates out of 300 branches across the country, as of March 31, 2022.

Credit Ratings as on March 31, 2022

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

Shareholding pattern as on March 31, 2022

S.No.	Shareholders	No. of shares held
A	**Promoters Holding**	
	Lakshmipathy Deenadayalan	36,037,450
	Hema Lakshmipathy	20,890,600
	Shritha Lakshmipathy	200,000
	Matrix Partners India Investment Holdings II, LLC - Foreign Body Corporate	41,009,990
	SCI Investments V - Foreign Body Corporate	25,696,500
	Total (A)	**123,834,540**
B	**Non-Promoters' Holding**	
	Matrix Partners India Investments II Extension, LLC - Foreign Body Corporate	688,970
	Norwest Venture Partners X – Mauritius - Foreign Body Corporate	29,748,060
	Sequoia Capital Global Growth Fund III -Endurance Partners, L.P. - Foreign Entity	10,157,290
	SCI Growth Investments III - Foreign Body Corporate	11,026,160
	SCHF PV Mauritius, Ltd. - Foreign Body Corporate	5,457,940
	EGCS Investment Holdings - Foreign Body Corporate	1,819,310
	TPG Asia VII SF Pte. Ltd. - Foreign Body Corporate	61,106,730
	Sirius II Pte. Ltd. - Foreign Body Corporate	17,593,990
	TVS Shriram Growth Fund 3 - AIF	3,591,970
	Others	26,318,160
	Sub Total (B)	**167,508,580**
	Grand Total	**291,343,120**

Annex I

Declaration on Code of Conduct

This is to confirm that the Board has laid down a Code of Conduct for all Board members and senior management of the Company. The Code of Conduct has also been posted on the website of the Company. It is further confirmed that all directors and senior management personnel of the Company have affirmed compliance with the Code of Conduct of the Company for the year ended March 31, 2022, as envisaged in schedule V under Regulation 34(3) of SEBI (LODR), 2015.

Place: Chennai
Date: April 27, 2022

Rangarajan Krishnan
Chief Executive Officer

Annex II

Certificate from Company Secretary in Practice

(Pursuant to Regulation 34(3) read with Schedule V Para-C Sub clause (10) (i) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To

The Members

FIVE-STAR BUSINESS FINANCE LIMITED

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

Kilpauk, Chennai -600010

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **FIVE-STAR BUSINESS FINANCE LIMITED** having CIN: U65991TN1984PLC010844 and having its registered office at New No. 27, Old No. 4, Taylor's Road, Kilpauk, Chennai -600010 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company and its officers, We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending March 31, 2022 have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

Name of Director	DIN	*Date of Initial appointment in Company
Deenadayalan Lakshmipathy	01723269	21/06/2002
Anand Raghavan	00243485	28/07/2016
Ramanathan Annamalai	02645247	26/02/2016
Bhama Krishnamurthy	02196839	12/04/2016
Vikram Vaidyanathan	06764019	21/08/2015
Ravi Shankar Venkataraman Ganapathy Agraharam	02604007	18/08/2017
Thiruvallur Thattai Srinivasaraghavan	00018247	25/08/2021
Thirulokchand Vasan	07679930	15/12/2016

*the date of appointment is as per the MCA Portal.

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **S Sandeep & Associates**

S Sandeep

Company Secretary in Practice

CP No: 5987;

FCS No: 5853;

PR No: 1116/2021

Place: Chennai

Date: April 27, 2022

Certificate on compliance with the conditions of Corporate Governance

(Pursuant to Chapter IV of SEBI (Listing Obligations and Disclosure Requirements) Regulations,2015)

To

The Members

FIVE-STAR BUSINESS FINANCE LIMITED

(CIN: U65991TN1984PLC010844)

We have examined the compliance of the conditions of Corporate Governance by **FIVE-STAR BUSINESS FINANCE LIMITED** (CIN: U65991TN1984PLC010844) ("the Company"), for the financial year ended on March 31, 2022, as stipulated in Regulations 17 to 27 and other relevant provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

Management's Responsibility:

The compliance of conditions of Corporate Governance is the responsibility of the Management. The responsibility includes design, implementation and maintenance of internal control and procedures to ensure compliance with conditions of Corporate Governance as stated in Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Our Responsibility:

Our examination was limited to examining procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance as stipulated under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. It is neither an audit nor an expression of opinion on the financial statements of the Company.

Our Opinion:

In our opinion, on the basis of our examination of the relevant records produced, explanations and information furnished, we certify that the Company has complied with all mandatory regulations and the conditions of Corporate Governance as stipulated in Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, during the financial year ended March 31, 2022.

We further state that this certificate is neither an assurance as to the future viability of the Company nor of efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **S Sandeep & Associates**
S Sandeep
Company Secretary in Practice
CP No: 5987;
FCS No: 5853;
PR No: 1116/2021

Place: Chennai
Date: April 27, 2022

MANAGEMENT DISCUSSION ANALYSIS

MANAGEMENT DISCUSSION ANALYSIS

Macro-Economic Overview

Two years have passed since COVID-19 was declared as a Pandemic by the World Health Organisation. When it was felt that the impact of the pandemic had receded post the first wave and things were returning back to normalcy, the second wave hit the world much harder during the first quarter of the financial year. The cascading impact of the second wave was felt throughout the year and things started returning to normalcy in the second half of the year. COVID continues to surprise the world, and while vaccinations helped contain the impact of the virus and the world population has also learnt to co-exist with the virus, any subsequent waves of the pandemic and their impact cannot be undermined at this point of time. However, it is prudent to assume that the world has learnt to live with COVID and any further waves, unless significantly severe, are unlikely to have any major impact on the economy as a whole.

One of the other major impacts during the current financial year was the rising inflation across the world. While the Central banks across the world continued to hint at an accommodative monetary stance, the clear indication was that the interest rates shall rise during the forthcoming financial year. The Russian invasion of Ukraine was also expected to result in turmoil in the financial markets and increase the uncertainty about the recovery of the global economy.

Even in the Indian context, the Reserve Bank of India continued to maintain an accommodative monetary stance, despite surge in inflation in the last quarter of the financial year.

Industry Overview & Implication of Regulatory Pronouncements

The first quarter of the financial year saw a spike in COVID infections, and unlike the first wave, this wave was much more severe with increased hospitalizations and fatalities. In fact, the medical infrastructure of the country was significantly stretched by this wave. The financial services industry felt the impact of this in the form of reduced collection efficiency and increased delinquency. Further, there was no regulatory forbearance provided to banks and NBFCs except allowing them to provide restructuring of the credit facilities to borrowers impacted by the pandemic, without classifying them as non-performing assets or Stage 3 assets. Due to this, there was a spurt in delinquencies during the first quarter of the financial year, but focused collection efforts have managed to ensure robust asset quality for the financial year.

During the year under review, the Reserve Bank of India also came up with multiple regulations applicable to NBFCs, of which the major ones are given below with their synopsis.

1. Risk-based Internal Audit framework – As per this framework, the entire internal audit mechanism needs to be built based on the risk rating of the various functional areas of the company. The audit plan, severity and periodicity of the audits would depend on the risk classification of each of the functional areas.

2. Scale based regulations – In the past, all non-deposit taking systemically important NBFCs were regulated in a uniform manner. The size of the NBFC was not taken into account at all. To address this, RBI introduced scale-based regulations, wherein the applicability of the regulations would depend on the scale of the NBFC. NBFCs shall be categorised into base layer, middle layer, upper layer and top layer and regulations around Net Owned Fund (NOF), NPA classification, Capital adequacy process and computations, Prudential guidelines, Governance guidelines, Disclosures and Other Regulatory requirements shall be different across the various layers of NBFCs.

3. Prudential Norms on Income Recognition, Asset Classification and Provisioning Pertaining to Advances (IRACP) – RBI also made changes to the Prudential norms on Income recognition, Asset classification and Provisioning. One of the major changes pertain to asset classification, wherein, a borrower classified as NPA, needs to clear all the overdue amounts to

be upgraded as a Standard asset. Once classified as an NPA, it is not enough if the borrower clears multiple dues to come below 90 days past due. Further, the classification of SMA and NPA needs to be done daily and not only at month-ends. This essentially alters the fundamental way in which NBFCs have been managing asset quality over the years.

These regulatory pronouncements are expected to change the way of functioning at NBFCs in a significant way and remove the regulatory arbitrage that existed between banks and NBFCs. Needless to say, these guidelines will bring some pain in the short-term but definitely augur well for the long-term prospects of NBFCs.

Operating Environment

The operating environment was quite negative during the first quarter / half of the financial year, but it did improve over the course of the year. In fact, ICRA had a Negative outlook on the sector post the first quarter of the financial year, but they had revised their outlook to Stable by the end of the financial year, given the receding impact of COVID and improving prospects of the NBFCs.

Retail NBFC Credit Trends note dated April 2022 of ICRA records that *"Retail non-banking financial companies (Retail-NBFCs; excluding Housing finance companies) are expected to witness an improvement in the growth in the assets under management (AUM) in FY2023 to 8-10% vis-à-vis the growth of 5-7% estimated for FY2022. Growth was hampered in FY2022 by the decline in the AUM in Q1 while it improved in Q2 and Q3, resulting in overall growth of 4%in 9MFY2022. The asset quality is expected to improve from the December 2021 levels. ICRA expects the gross stage 3 (GS3) to moderate by upto 80 basis points (bps) over Q4FY2022 and FY2023 from the current level. The overdues by the end of March 2023 are expected to be marginally above the pre-Covid-19 pandemic level. However, the performance of the restructured book remains a monitorable."*

So, the financial year ended March 31, 2022 had its ups and downs but it is safe to assume that it has ended on a positive note and the prospects for the forthcoming financial year also look bright.

Five Star – An overview

Five Star is registered with RBI as a non-deposit taking systemically important NBFC. The Company is in the business of providing Secured Financial Solutions to Micro Entrepreneurs and Self-employed individuals who are largely ignored by the formal financial ecosystem. With experience of operating in this borrower segment for the last 20+ years, the Company has developed a unique underwriting model, which is capable of evaluating the credit-worthiness of such borrowers. The Company provides only secured loans which ensures robust asset quality, even during difficult times. The Company operates 300 branches across 8 states and 1 union territory and has a borrower base of over 2 lakh customers as on March 31, 2022.

Business Growth

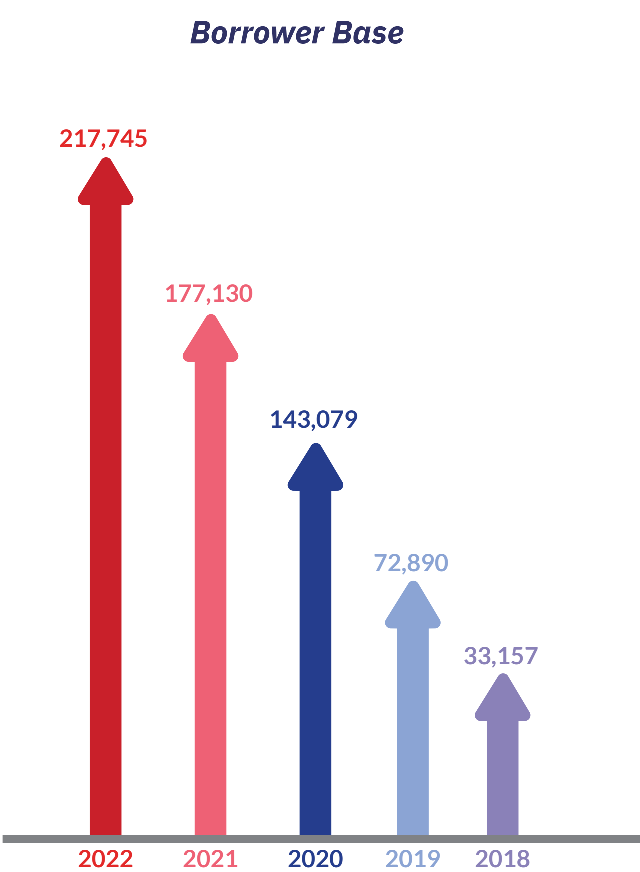
One of the distinguishing facets of the Company is its ability to put collections over disbursals during difficult times. And this is exactly what the Company did during FY2021 and FY2022, when the impact of COVID was quite pronounced and the need to focus on collections was much more intense. As already stated, the second wave of the pandemic had a big impact on the collections in the first quarter and in the absence of any major regulatory forbearance, the Company had to shift focus back to collections during the first couple of quarters.

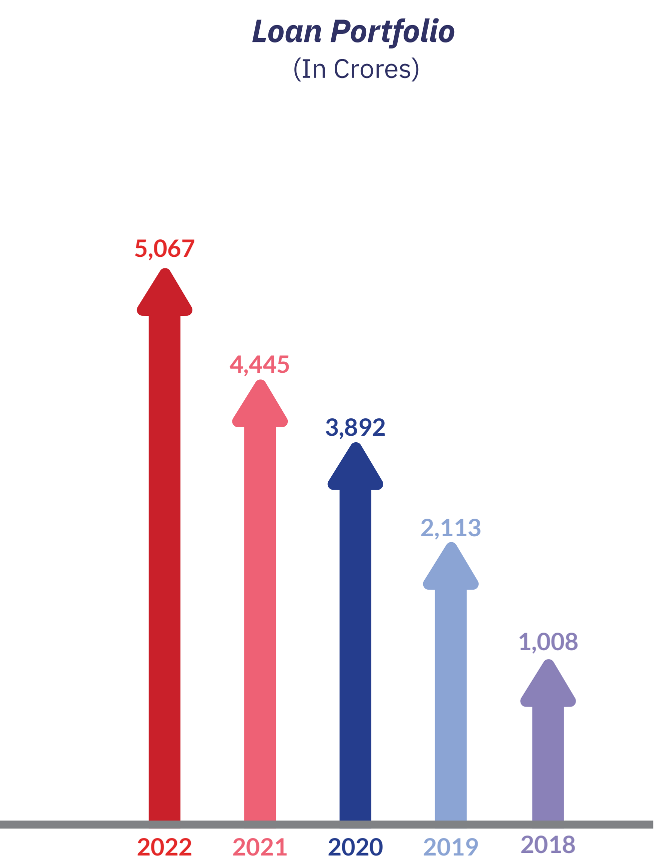
The reduced collections efficiency in the first quarter had an impact on the DPD buckets which also cascaded into the other quarters. Hence it became imperative for the Company to bring the borrowers back to lower DPD buckets, which meant collecting more than the current dues as applicable to those months / quarters. Through focused collection efforts and appropriate incentive mechanisms, the Company managed to show good improvement across the DPD buckets as on March 31, 2022, as compared to June 30, 2021. Given all this focus, the business growth was muted and the Company managed to record a portfolio growth of 14% during FY2022 (same as FY2021). However, the last quarter of FY2022 saw business momentum picking up and reach very close to pre-COVID levels.

Also, with the proposed introduction of the revised IRAC norms on upgradation of accounts from NPA to Standard which will be effective from October 01, 2022, the Company had to undertake necessary measures to bring down potential slippages into NPA. This was undertaken through the following measures:

a. Educating borrowers and staff on the need for due date payment discipline, rather than paying any time during the month (which was a historical behavioural trait of the borrowers)
b. Reducing the stock in the 61-90 DPD bucket which has the highest potential of slipping into NPA, if payment is not made on the due date
c. Increase provision coverage on Stage 3 assets, with a clear intent to bring down the Net NPA.

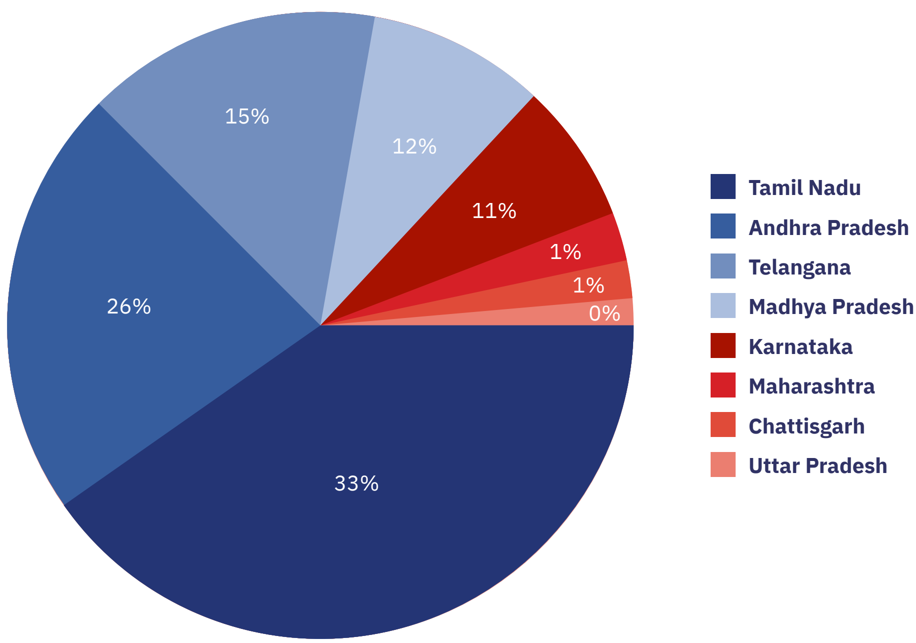
Amidst all these challenges, the Company also enhanced its portfolio and borrower base during the year. The growth during the year came through the addition of borrowers, which is a significant measure of risk diversification.





Keeping the ticket size at a lower level also helps the borrower to service loan EMIs without much stress. The loan outstanding per borrower has come down from INR 2.50 lakhs in FY2021 to INR 2.3 lakhs in FY2022, primarily on account of the reduction in ticket size of incremental disbursals during the year. While the Company had consciously brought down the average ticket size over the last two years due to COVID, it will make necessary efforts to bring back the ticket size to pre-COVID levels in the forthcoming financial year.

During the year, 38 new branches were opened taking the total to 300 branches as of March 31, 2022. Branch additions are the first indicator of increased demand and given that the Company had added sizeable branches during this year, it will pave the way for a good portfolio growth in the forthcoming financial year. The state-wise split of branches as of March 2022 is given below.



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

Collections & Asset Quality

As has been stated above, in difficult times, the Company prioritises collections over incremental business. The ability to maintain strong collections efficiency and robust asset quality during such difficult times is a distinguishing facet of the Company. Towards this, the Company had given the responsibility of both business and collections to every Field Officers and had structured their incentives in such a manner to ensure that they perform in an exemplary manner both on business and collections.

However, over time the Company also realized that the same officer being involved in both business and collections forever impairs his / her ability to onboard new business. At the same time, completely delineating business and collections brings its own set of challenges like complete loss of accountability etc. Towards this, the Company has created a collections support team at each of the branches with necessary supervisory support and accounts with certain vintage shall move into the collections team, which will free up the time for business team to onboard new business.

In May and June 2021, owing to the second wave of COVID, the RBI permitted COVID-19 related relief under one-time restructuring OTR 2.0 for individuals and small businesses, with aggregate exposures from all lending institutions of up to INR 50 crore, provided the borrowers were classified as standard as of March 31, 2021. As of March 31, 2022, the quantum of such restructured loans stood at INR 73.80 crores

Based on the facts mentioned above, the Company was able to achieve one of the best asset qualities even during the second year of pandemic with the Gross Stage 3 assets at 1.05% as of March 31, 2022.

Operational & Financial Metrics

1. Branches: The number of branches as at the end of March 2022 was at 300 as against 262 as at March 2021.

2. Portfolio growth: Five Star's Consolidated AUM[1] increased from INR 4,445 crores in FY2021 to INR 5,067 crores in FY2022, which translates to a growth of about 14% for the year.

3.Loan disbursals: During the year, the Company disbursed an amount of about INR 1,756 crores as against INR 1,245 crores in the previous year.

4. Asset quality: For the financial year ended March 31, 2022, the Company achieved a 90+ DPD of 1.05%, as against a 90+ DPD in the previous year of 1.02%. Despite no regulatory forbearance during the second wave of COVID (unlike 5 month moratorium that was given during the first wave), the Company has managed to achieve a Stage 3 number, which is almost equal to March 2021.

5. Capitalisation: During the year ended March 31, 2022, the Company had fresh equity infusion amounting to over INR 900 crores, a combination of a fresh round of capital infusion that was consummated in April 2021 amounting to INR 518 crores and conversion of partly paid shares into fully paid shares done in August 2021 amounting to INR 382 crores. The Company onboarded new investors like KKR and TVS Capital during the April 2021 round. This, along with strong internal accrual during the year, pushed up the net worth of the Company to INR 3,710 crores as of March 31, 2022.

6. Profitability: The Company continues to display robust profitability as exhibited in the table below.

Some of the operational and financial highlights are given below.

Strengthening Liability Profile

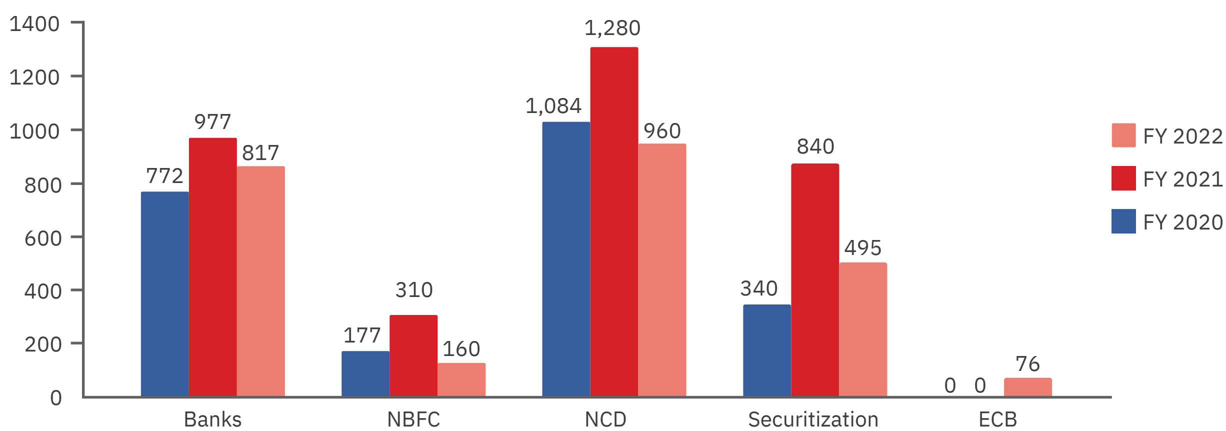
Parameter	FY 2022	FY 2021	Growth
Assets under Management (INR Cr)	5,067.08	4,445.38	14%
Amount disbursed (INR Cr)	1,756.24	1,245.05	41%
Branches (#)	300	262	15%
Number of customers	217,794	177,130	23%
Number of employees	5,675	3,938	44%
Profit after Tax (INR Cr)	453.54	358.99	26%

[1]AUM is without netting off the ECL

Over the last few years, there was some issue or other that was impeding the ability of NBFCs to raise debt. Starting with demonetisation, liquidity crisis triggered by the collapse of some large NBFC / HFC and two waves of COVID, NBFCs have been facing immense challenges in raising debt capital at optimal rates. RBI provided some much-needed liquidity support during the first wave of COVID but beyond this, it was pretty much left to NBFCs to fend for themselves.

During the financial year ended March 31, 2022, the capital infusion of INR 900 crores coupled with slow disbursals in the first quarter / half of the year was sufficient leading to the Company not raising any fresh debt during the first half of the year. During the second half of the year, the Company raised fresh debt of INR 315 crores and also onboarded 4 new lenders. During the year, the Company obtained sanctions from large private sector banks like HDFC Bank, Axis Bank, IDFC First Bank and also consummated its first External Commercial Borrowing transaction with Swedfund, the Development Financial Institution of the Swedish state. With this, the Company has further deepened its sources of funds, both in terms of lenders and also in terms of type of borrowing.

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



Leverage: The Company continued to operate at a very healthy D/E ratio of sub 1X on the back of strong internal accruals and Capital Profile.

Asset-Liability Management:

Asset-Liability Management (ALM) is a very crucial requirement for the success of any NBFC. Unfortunately, there are times when this is compromised for the sake of short-term gains. However, Five Star has always been following a conservative liquidity policy, which has helped the Company manage all the turbulence that it has faced over the last many years. The liquidity policy defines a minimum liquid balance to be maintained on a monthly basis which will effectively take care of all obligations and other fund requirements over the next 3 months. This is strictly maintained despite the negative carry that it would entail. It does have an impact on profitability, but when it comes to choosing between safety and profitability, the Company always chooses safety over profitability.

The Liquidity Coverage Ratio (LCR), which became applicable to the Company during the last financial year, is also given importance and as per this requirement, the Company is required to maintain a % of net cash outflows (over the next 30 days) in the form of High-Quality Liquid Assets (HQLA), which will help manage any temporary shocks that may hit the Company. Even during the current year, given the liquidity that was available with the Company, there was no pressure in maintaining this ratio at much higher than regulatorily stipulated levels. The Company has also been making investments in Government Securities and Treasury Bills, which qualify as HQLA for the purpose of LCR computations.

The Company continues to maintain positive cumulative ALM across all buckets upto the "Above 5 years" bucket, which would help weather any kind of shocks that may come about. As has been seen in the past, even during extremely stressful periods from a liquidity perspective, the Company has been able to manage all its outflows without resorting to any kind of concessions from its lenders.

Human Resources:

A person who feels appreciated will always do more than what is expected. From that perspective, amongst the four factors of production, employees (labour) assume maximum importance. Without them, the other factors viz. land, capital and entrepreneurship cannot be harnessed to reach their full potential.

At Five Star, employees are the fulcrum around which every other factor revolves. Every decision is taken keeping the welfare of employees in mind. The welfare of employees is at the heart of all decisions right across hiring, training, retention, performance appraisal and rewards and recognitions. The Company had employed 5,675 employees as of March 31, 2022 as against 3,938 employees as of March 31, 2021.

Hiring from local areas whereby the employees get to stay with their family, providing the right kind of salary package, split judiciously into fixed salary and performance-based incentives, structuring the right kind of stock option and long-term incentive plans have all ensured that employees feel a sense of belongingness with the Company and tend to give their best for the mutual benefit of themselves and the Company.

The Company has also built a solid Management team, with 20 functional heads heading their respective departments. During the financial year ended March 31, 2022, a Chief Technology Officer and Head of Engineering and Data Sciences were hired to spruce up the Technology team. In April 2022, the Company has also hired for the positions of Chief Audit Officer and Chief Legal Officer. In this manner, the Company shall keep making the necessary hires at the right time to ensure that the right people are at the helm of each function and are able to provide necessary oversight.

Technology:

Technology has become a significant business driver in the last few years. Immense strides have been made in the areas of Machine Learning, Data Science and Analytics, Payments, usage of Application Process Interfaces, which have helped businesses scale up much faster. UPI (Unified Payments Interface) has been a game changer in the payments realm, completely revamping the way payments can be made by individuals.

Five Star has been focusing on using technology towards reducing turnaround time (TAT), digitisation of data for analytics and better decision making, using APIs of specialised institutions for accurate and richer data capture, using UPI for efficient payments, etc. As already stated, during the year, Chief Technology Officer and Head of Engineering and Data Sciences were hired to spruce up the Technology team.

During the current financial year and thereafter, the Company shall focus on deepening the technology architecture, including moving to a different ERP platform, partnering with other fintech firms to use their specialised services through their APIs, using the data to create a scorecard which can be used for faster underwriting, integrating with more robust payment mechanisms, etc. Towards this, necessary spends will be expended as the Company believes that technology can be larger game-changer in the years to come and can clearly complement the business model of the Company to take it to much higher levels.

Risk Management and Audit Framework:

Complementing the strong underwriting model in Five Star is a robust Risk Management and Audit Framework. The Company's audit process is overseen by the Audit Committee of the Board and is broken into 3 parts – Statutory Audit undertaken by the Statutory Auditors, Internal Audit undertaken by an external audit firm and Internal Process audit undertaken by an in-house audit team. All the aspects across regulatory compliance, Company specific policies and procedures, financial reporting and adherence to accounting standards, etc are covered and reported to the Audit Committee of the Board.

During the financial year ended March 31, 2022, Reserve Bank of India also came out with a guideline mandating financial institutions to build a Risk-based Internal Audit Framework (RBIA framework), which will tailor the audit program of the Company towards processes and functions based on their risk profile. Each of the processes and functions shall be bucketed into risk categories and the audit program shall be fine-tuned to cover high risk areas at higher frequencies and so on.

The Company has also put together the RBIA framework, which has been approved by the Board and appointed a senior professional with significant experience as its Chief Audit Officer (CAO). The CAO shall be responsible for risk categorisation of the functions and structuring the right audit program depending on the risk profile of the functions. The findings of the audit exercise shall be presented to the Audit Committee on a quarterly basis and also reported periodically to the Board.

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

Internal Financial Controls:

The Internal Financial Control system has been designed commensurate to the size and complexity of the Company's business and operations. The control system is designed to provide a high degree of assurance regarding the effectiveness and efficiency of the controls and mitigants to ensure that the operations and processes remain at acceptable levels, as far as possible. While the audit framework of the Company does periodic testing of the controls and their effectiveness, the Company has also engaged an external audit firm to review the risk control metrics on a periodic basis and also undertake comprehensive testing to certify the efficacy of internal controls and suggest improvements as may be required. Their findings are also presented to the Audit Committee on a periodic basis. This ensures that there is an external validation to the efficient workings of the process and financial controls that have been put in place by the Company.

Lakshmipathy Deenadayalan
Chairman & Managing Director
DIN: 01723269

Place: Chennai
Date: April 27, 2022

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

(i) & (ii) Ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2021-22 & the percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year 2021-22:

Name of the Director	Title	% increase of remuneration in FY 2021-22 as compared to FY 2020-21*	Ratio of remuneration to Median Remuneration of Employees*
Lakshmipathy Deenadayalan	Chairman & Managing Director	25.82	-
Ramanathan Annamalai	Independent Director	33.33	1.63
Anand Raghavan	Independent Director	33.33	1.63
Srinivasaraghavan T T	Independent Director	-	1.63
Bhama Krishnamurthy	Independent Director	33.33	1.63
B Haribabu	Independent Director	33.33	1.63
L R Raviprasad	Non-Executive Director	33.33	1.63
Thirulokchand Vasan	Non-Executive Director	33.33	1.63

* Excluding sitting fees

Name of the KMP	Designation	% increase of remuneration in FY 2021-22 as compared to FY 2020-21
Rangarajan Krishnan^	Chief Executive Officer	22.58%
Roopa Sampath Kumar	Chief Financial Officer upto March 19, 2022	NA
Srikanth Gopalakrishnan^	Chief Financial Officer*	20.67%
Shalini Baskaran	Company Secretary	37.65%

^Increase in remuneration excluding stock options.

*Chief Financial Officer upto May 31, 2021; Chief- Strategy and finance from June 01, 2021 to March 19, 2022 and Chief Financial officer from March 20, 2022

(iii) The percentage increase in the median remuneration of employees in the financial year 2021-22: 6.33% as compared to the financial year 2020-21.

(iv) The number of permanent employees on the rolls of the Company as of March 31, 2022 and March 31, 2021, was 5,675 and 3,938 respectively.

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

The average percentage increase in salaries of employees other than managerial personnel for the financial year 2021-22 was 19.41% and increase in the managerial remuneration 24.46%.

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

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

S. No	Name	Designation	Remuneration ₹ in lakhs	Nature of Employment	Qualification and Experience	Date of commencement	Age	Last Employment	% of equity shares held*
1.	Lakshmipathy Deenadayalan	Chairman & Managing Director	631.87	Full time	B.Tech - About 2 decades of experience in financial services industry	01-06-2012	48	NA	12.37
2.	Rangarajan Krishnan	Chief Executive Officer	235.81	Full time	MBA & PGP - About 20 years years of experience across banking, private equity and advisory.	06-08-2015	43	Spark Capital	NA
3.	Srikanth Gopalakrishnan	Chief Financial Officer*	135.30	Full time	MBA - About 20 years across multiple functions like business planning, securitisation, structuring, treasury and operations.	12-10-2015	43	Asirvad Microfinance Limited	NA
4.	Roopa Sampath	Chief Financial Officer**	96.32	Full time	CA – About 15 years of experience across multiple NBFCs and big four firms	17-05-2021	43	Hinduja Leyland Finance Limited	NA
5.	J Vishnuram	Chief Operating Officer	85.00	Full time	MBA - About 20 years of experience in banking professional	15-03-2017	42	Deutsche Bank	NA
6.	Vanamali Sridharan	Chief Technical Officer	79.78	Full time	IIM - About 28 years of experience in banks and technology strategy consultancies	05-08-2021	53	Suryoday Small Finance Bank	NA
7.	S Parthasarathy	Chief Credit Officer	78.78	Full time	CA - About 18 years of experience in banking profession - credit and risk functions	03-01-2018	41	DBS	NA

S. No	Name	Designation	Remuneration ₹ in lakhs	Nature of Employment	Qualification and Experience	Date of commencement	Age	Last Employment	% of equity shares held*
8.	T Sathya Ganesh	Chief Business Officer	68.79	Full time	MBA - About 22 years of experience in banks and NBFCs.	19-12-2016	45	Shriram Housing	NA
9.	Sanjay Chaturvedi#	Chief Treasury Officer	62.06	Full time	Management graduate with about 20 years of experience across multiple banks and NBFC.	08-10-2019	46	Aspire Home Finance Corporation	NA
10.	Jayaraman S	Chief Risk Officer	57.81	Full time	CA – About 22 years of experience across multiple companies	14-09-2020	51	Coldman Logistics Private Limited	NA

**Chief Financial Officer upto May 31, 2021; Chief- Strategy and finance from June 01, 2021 to March 19, 2022 and Chief Financial officer from March 20, 2022*

***Chief Financial Officer from June 01, 2021 to March 19, 2022*

 # Resigned w.e.f April 05, 2022

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

The remuneration is excluding stock options.

FINANCIAL REPORT

Independent Auditor's Report

Independent Auditor's Report

To the Members of Five-Star Business Finance Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Five-Star Business Finance Limited (the “Company”), which comprise the Balance Sheet as at March 31 2022, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

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, as amended (“the Act”) in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the ‘Auditor’s Responsibilities for the Audit of the 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 audit opinion on the financial statements.

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 for the financial year ended March 31, 2022. 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor’s responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key Audit Matter	How our audit addressed the key audit matter
Impairment of Loans based on expected credit loss model	
Loans to customers represent a significant portion of the total assets of the Company. The Company has loans aggregating INR 520,529.65 lakhs as at March 31, 2022. As per the expected credit loss model of the Company developed in accordance with the principles set out in Ind-AS 109 on Financial Instruments, the Company is required to estimate the probability of loss / expected loss based on past experience and future considerations. This involves a significant degree of estimation and judgement, including determination of staging of financial assets; estimation of probability of defaults, loss given defaults, exposure at defaults; and forward-looking factors, micro and macro-economic factors, in estimating the expected credit losses. Additionally, having regard to the moratorium extended as part of restructuring packages announced by the Reserve Bank of India and other regulatory changes in asset classification, the Company has considered additional provision as part of its Expected Credit Loss provision on loans. Due to the significance of the amounts involved, judgments involved in classification of loans, relative complexity of various assumptions and estimates used, and other macro economic factors, this audit area is considered a key audit matter.	Our audit procedures included the following: • We read and assessed the Company's Expected Credit Loss policy with reference to Ind-AS 109 and the credit loss framework approved by the Board of Directors as well as relevant regulatory guidelines and pronouncements in this regard. • For expected credit loss provision against outstanding exposures classified across various stages, we obtained an understanding of the Company's provisioning methodology (including factors that affect the probability of default, loss given defaults and exposure at default; various forward looking, micro- and macro-economic factors), the underlying assumptions and the sufficiency of the data used by management, and tested the same on a sample basis. • We performed tests of controls and test of details on a sample basis in respect of the staging of outstanding exposures, and other relevant data used in impairment computations prepared by management as compared to the Company's policy. • Assessed the considerations applied by the management for staging of loans as Significant Increase in Credit Risk. • We enquired with the management regarding significant judgments and estimates involved in the impairment computation and additional credit loss provisions having regard to macroeconomic environment, management overlay provision arising from the effects of the restructuring as per packages announced by the Reserve Bank of India, and evaluated the same. • We tested the arithmetical accuracy of computation of ECL provision performed by the Company in spreadsheets. • Involved risk modelling experts for quantitative and qualitative back-testing of ECL model to assess reasonability of estimates used in ECL model. • Assessed disclosures included in the financial statements in respect of expected credit losses. including the specific disclosures made with regard to the impact of COVID-19 on ECL estimation.

Other Information

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

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 such 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. We have nothing to report in this regard.

Responsibilities of Management for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity 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 read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 for the financial year ended March 31, 2022 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

The financial statements of the Company for the year ended March 31, 2021, included in these financial statements, have been audited by the predecessor auditor who expressed an unmodified opinion on those financial statements on May 28, 2021.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
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 the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
(d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
(e) On the basis of the written representations received from the directors as on March 31, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164 (2) of the Act;
(f) With respect to the adequacy of the internal financial controls with reference to these financial statements and the operating effectiveness of such controls, refer to our separate Report in “Annexure 2” to this report;
(g) In our opinion, the managerial remuneration for the year ended March 31, 2022 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;
(h) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended 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 on its financial position in its financial statements – Refer Note 35 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 including derivative contracts – Refer Note 6, Note 14 and Note 19 to the financial statements;
iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
iv. a) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the note 52 to the financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person(s) or entity(ies), including foreign entities (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

b) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the note 52 to the financial statements, no funds have been received by the company from any person(s) or entity(ies), including foreign entities (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
c) Based on such audit procedures that were considered reasonable and appropriate in the circumstances,

nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.

v. No dividend has been declared or paid during the year by the Company.

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number - 101049W/E300004

per Bharath N S
Partner
Membership Number: 210934
UDIN: 22210934AHWOMH8359

Place of signature: Chennai
Date: April 27, 2022

Annexure '1' referred to in paragraph under the heading "Report on other legal and regulatory requirements" of our report of even date
Re: Five-Star Business Finance Limited (the "Company")

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

(i)(a)(A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.

(i)(a)(B) The Company has maintained proper records showing full particulars of intangibles assets.

(i) (b) All Property, Plant and Equipment were physically verified by the management in accordance with a planned programme of verifying them once in three years which is reasonable having regard to the size of the Company and the nature of its assets.

(i) (c) The title deeds of all the immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in note 10 to the financial statements included in property, plant and equipment are held in the name of the Company.

(i)(d) The Company has not revalued its Property, Plant and Equipment (including Right of use assets) or intangible assets during the year ended March 31, 2022.

(i)(e) There are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.

(ii)(a) The Company's business does not require maintenance of inventories and, accordingly, the requirement to report on clause 3(ii)(a) of the Order is not applicable to the Company.

(ii)(b) As disclosed in note 17 to the financial statements, the Company has been sanctioned working capital limits in excess of rupees five crores in aggregate from banks and/or financial institutions during the year on the basis of security of current assets of the Company. The quarterly returns/statements filed by the Company with such banks and financial institutions are in agreement with the books of accounts of the Company.

(iii) (a) The company's principal business is to give loans and is a registered NBFC, accordingly, reporting under clause (iii) (a) is not applicable.

(iii)(b) During the year the investments made, guarantees provided, security given and the terms and conditions of the grant of all loans and advances in the nature of loans and guarantees to companies, firms, Limited Liability Partnerships or any other parties are not prejudicial to the Company's interest.

(iii)(c) In respect of loans and advances in the nature of loans, granted by the Company as part of its business of providing loans to retail customers, the schedule of repayment of principal and payment of interest has been stipulated by the Company. Having regard to the voluminous nature of loan transactions, it is not practicable to furnish entity-wise details of amounts, due date for repayment or receipt and the extent of delay (as suggested in the Guidance Note on CARO 2020, issued by the Institute of Chartered Accountants of India for reporting under this clause) in this Annexure 1, in respect of loans and advances which were not repaid / paid when they were due or were repaid / paid with a delay, in the normal course of lending business.

Further, except for those instances where there are delays or defaults in repayment of principal and / or interest as at the balance sheet date, in respect of which the Company has disclosed asset classification in note 6 to the financial statements in accordance with Indian Accounting Standards (Ind AS) and the guidelines issued by the Reserve Bank of India, the parties are repaying the principal amounts, as stipulated, and are also regular in payment of interest, as applicable.

(iii)(d) In respect of loans and advances in the nature of loans, the total amount overdue for more than ninety days as at March 31, 2022 and the details of the number of such cases, are disclosed in note 6 to the financial statements. In such instances, in our opinion, reasonable steps have been taken by the Company for recovery of the overdue amount of principal and interest.

(iii)(e) The company's principal business is to give loans and is a registered NBFC, accordingly, reporting under clause (iii)(e) is not applicable.

(iii)(f) The Company has not granted any loans or advances in the nature of loans, either repayable on demand or without specifying any terms or period of repayment to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(f) of the Order is not applicable to the Company.

(iv) There are no loans, investments, guarantees, and security in respect of which provisions of section 185 of the Companies Act, 2013 are applicable and provisions of section 186 of the Companies Act, 2013 are not applicable to the Company and accordingly, the requirement to report on clause 3(iv) of the Order is not applicable to the Company.

(v) The Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of sections 73 to 76 of the Companies Act and the rules made thereunder, to the extent applicable. Accordingly, the requirement to report on clause 3(v) of the Order is not applicable to the Company.

(vi) The Company is not in the business of sale of any goods or provision of such services as prescribed. Accordingly, the requirement to report on clause 3(vi) of the Order is not applicable to the Company.

(vii) (a) Undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases. According to the information and explanations given to us and based on audit procedures performed by us, no undisputed amounts payable in respect of these statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(vii) (b) The following dues of goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess, and other statutory dues have not been deposited on account of any dispute:

Name of the statute	Nature of the dues	Amount (In ₹ lakhs)	Period to which the amount relates	Forum where the dispute is pending
Income-Tax Act, 1961	Income-tax	6.74	AY 2006-2007	Commissioner of Income-tax (Appeals)
Income-Tax Act, 1961	Income-tax	33.68	AY 2018-2019	Commissioner of Income-tax (Appeals)

(viii) The Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.

(ix)(a) The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.

(b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority

(c) Based on the information and explanation given to us by the management, term loans were applied for the purpose for which the loans were obtained, though idle/surplus funds which were not required for immediate utilization have been gainfully invested in liquid assets payable on demand..

(d) On an overall examination of the financial statements of the Company, no funds raised on short-term basis have been used for long-term purposes by the Company.

(e) The Company does not have any subsidiary, associate or joint venture. Accordingly, the requirement to report on clause 3(ix)(e) of the Order is not applicable to the Company.

(f) The Company does not have any subsidiary, associate or joint venture. Accordingly, the requirement to report on Clause 3(ix)(f) of the Order is not applicable to the Company.

(x)(a) The Company has not raised any money during the year by way of initial public offer / further public offer (including debt instruments) hence, the requirement to report on clause 3(x)(a) of the Order is not applicable to the Company.

(x)(b) The Company has complied with provisions of sections 42 and 62 of the Companies Act, 2013 in respect of the preferential allotment or private placement of shares/ fully or partially or optionally convertible debentures respectively during the year. The funds raised, have been used for the purposes for which the funds were raised.

(xi)(a) No fraud by the Company or no material fraud on the Company has been noticed or reported during the year.

(b) During the year, no report under sub-section (12) of section 143 of the Companies Act, 2013 has been filed by cost auditor/ secretarial auditor or by us in Form ADT – 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.

(xii) The Company is not a nidhi Company as per the provisions of the Companies Act, 2013. Therefore, the requirement to report on clause 3(xii)(a), (b) and (c) of the Order is not applicable to the Company.

(xiii) Transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

(xiv)(a) The Company has an internal audit system commensurate with the size and nature of its business.

(b) The internal audit reports of the Company issued till the date of the audit report, for the period under audit have been considered by us.

(xv) The Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence requirement to report on clause 3(xv) of the Order is not applicable to the Company.

(xvi)(a). The Company has registered as required, under section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934)

(b) The Company has not conducted any Non-Banking Financial or Housing Finance activities without obtaining a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.

(c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi) of the Order is not applicable to the Company.

(d) There are no other Companies part of the Group, hence, the requirement to report on clause 3(xvi) of the Order is not applicable to the Company.

(xvii) The Company has not incurred cash losses in the current or immediately preceeding financial year.

(xviii) The previous statutory auditors of the Company have resigned during the year pursuant to the requirements of the Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) dated April 27, 2021, issued by the Reserve Bank of India, and there are no issues, objections or concerns raised by the outgoing auditors.

(xix) On the basis of the financial ratios disclosed in note 48 to the financial statements, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx)(a) In respect of other than ongoing projects, there are no unspent amounts that are required to be transferred to a fund specified in Schedule VII of the Companies Act (the Act), in compliance with second proviso to 135(5) of the Act. This matter has been disclosed in note 32.2 to the financial statements.

(xx)(b) There are no unspent amounts in respect of ongoing projects, that are required to be transferred to a special account in compliance of provision of sub section (6) of section 135 of Companies Act. This matter has been disclosed in note 32.2 to the financial statements.

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number -101049W/E300004

per Bharath N S
Partner
Membership Number: 210934
UDIN: 22210934AHWOMH8359

Place of signature: Chennai
Date: April 27, 2022

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF FIVE-STAR BUSINESS FINANCE LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to financial statements of Five-Star Business Finance Limited (the "Company") as of March 31, 2022 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting 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 ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to these financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to these financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to these financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to these financial statements, 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 these financial statements.

Meaning of Internal Financial Controls with Reference to these 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 includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls With Reference to Financial Statements

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

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number - 101049W/E300004

per Bharath N S
Partner
Membership Number: 210934
UDIN: 22210934AHWOMH8359

Place of signature: Chennai
Date: April 27, 2022

Balance Sheet as at March 31, 2022

(All amounts are in Indian Rupees in lakhs, unless otherwise stated)

₹ in Lakhs

Particulars	Note	As at March 31, 2022	As at March 31, 2021
ASSETS			
Financial Assets			
Cash and cash equivalents	4	61,316.28	1,26,718.28
Bank balances other than cash and cash equivalents	5	26,677.50	8,853.99
Loans	6	5,10,241.07	4,35,874.94
Investments	7	24,818.38	-
Other financial assets	8	1,797.93	474.34
		624,851.16	**571,921.55**
Non-financial Assets			
Current tax assets (net)	9	220.07	795.79
Deferred tax assets (net)	37	4,666.74	3,698.94
Investment property	10	3.56	3.56
Property, plant and equipment	12	1,214.45	845.60
Right of use asset	38	1,978.10	1,452.63
Other intangible assets	13	88.74	190.30
Other non-financial assets	11	1,283.74	452.77
		9,455.40	**7,439.59**
Total Assets		**634,306.56**	**579,361.14**
LIABILITIES AND EQUITY			
Financial Liabilities			
Derivative financial instruments	14	138.92	-
Payables			
Trade payables			
Total outstanding dues of micro and small enterprises		-	-
Total outstanding dues of creditors other than micro and small enterprises	15	1,300.31	867.17
Debt securities	16	1,00,853.38	130,378.55
Borrowings (other than debt securities)	17	1,55,029.75	212,141.12
Other financial liabilities	18	4,146.84	1,717.01
		261,469.20	**345,103.85**
Non-financial Liabilities			
Provisions	19	900.03	719.80
Other non-financial liabilities	20	902.23	1,720.27
		1,802.26	**2,440.07**

Balance Sheet as at March 31, 2022

(All amounts are in Indian Rupees in lakhs, unless otherwise stated)

₹ in Lakhs

Particulars	Note	As at March 31, 2022	As at March 31, 2021
Equity			
Equity share capital	21	2,913.43	2,564.49
Other equity	22	3,68,121.67	229,252.73
		371,035.10	**231,817.22**
Total Liabilities and Equity		**634,306.56**	**579,361.14**

Significant accounting policies 2 and 3

The accompanying notes are integral part of the financial statements

As per our report of even date
For **S.R.Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm registration number: 101049W/E300004

per Bharath N S
Membership No: 210934

Place of signature: Chennai
Date: April 27, 2022

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

D Lakshmipathy
Chairman & Managing Director
DIN : 01723269

R Anand
Independent Director
DIN : 00243485

G Srikanth
Chief Financial Officer

K Rangarajan
Chief Executive Officer

B Shalini
Company Secretary
ACS: A51334

Place: Chennai
Date: April 27, 2022

Statement of Profit and Loss for the year ended March 31, 2022

(All amounts are in Indian Rupees in lakhs, unless otherwise stated)

₹ in Lakhs

Particulars	Note	Year ended March 31, 2022	Year ended March 31, 2021
Revenue from operations			
Interest income	23	120,376.55	101,487.58
Fee income	24	2,939.60	2,167.61
Net gain on fair value changes	25	2,090.21	1,319.03
Total revenue from operations(I)		**125,406.36**	**104,974.22**
Other income (II)	26	210.56	151.25
Total Income (III) = (I) + (II)		**125,616.92**	**105,125.47**
Expenses			
Finance Costs	27	30,060.00	32,519.12
Fees expenses	28	-	266.83
Impairment on financial instruments	29	4,551.81	3,517.57
Employee benefits expenses	30	23,611.52	16,371.78
Depreciation and amortization	31	1,224.47	1,138.39
Other expenses	32	5,748.21	3,667.70
Total Expenses (IV)		**65,196.01**	**57,481.39**
Profit before tax (V) = (III) - (IV)		**60,420.91**	**47,644.08**
Tax expense (VI)			
Current Tax	33	15,959.12	12,594.12
Deferred tax (net)	37	(892.66)	(849.48)
		15,066.46	11,744.64
Profit for the year (A) = (V) - (VI)		**45,354.45**	**35,899.44**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Re-measurements of the defined benefit plan		(171.63)	(105.27)
Income tax impact		43.20	26.49
		128.43	**78.78**
Items that will be reclassified subsequently to profit or loss			
Cash Flow Hedge Reserve		(126.92)	-
Income Tax impact		31.94	-
		(94.98)	**-**
Other comprehensive income/ (loss) net of tax for the year (B)		**(223.41)**	**(78.78)**
Total comprehensive income net of tax for the year (A) + (B)		**45,131.04**	**35,820.66**

Statement of Profit and Loss for the year ended March 31, 2022

(All amounts are in Indian Rupees in lakhs, unless otherwise stated)

₹ in Lakhs

Particulars	Note	Year ended March 31, 2022	Year ended March 31, 2021
Earnings per equity share (face value Re.1/- each)			
- Basic (in rupees)	39	16.09	14.01
- Diluted (in rupees)		15.92	13.61
Significant accounting policies	2 and 3		

The accompanying notes are integral part of the financial statements

As per our report of even date
For **S.R.Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm registration number: 101049W/E300004

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

per Bharath N S
Membership No: 210934

D Lakshmipathy
Chairman & Managing Director
DIN : 01723269

R Anand
Independent Director
DIN : 00243485

G Srikanth
Chief Financial Officer

K Rangarajan
Chief Executive Officer

B Shalini
Company Secretary
ACS: A51334

Place of signature: Chennai
Date: April 27, 2022

Place: Chennai
Date: April 27, 2022

Statement of Changes in Equity for the year ended March 31, 2022

(All amounts are in Indian Rupees in lakhs, unless otherwise stated)

₹ in Lakhs

Particulars	Number of Shares	Amount
A. Equity share capital		
Balance as at April 1, 2020	**27,127,891**	**2,558.21**
Change in equity share capital during the year		
Add: Issued during the year		
1.Fresh Issue of Equity Shares	-	-
2.Issue of Equity Shares under Employee Stock Option	62,850	6.28
3.Calling Up UnPaid Capital	-	-
Balance as at March 31, 2021	**27,190,741**	**2564.49**
Balance as at April 1, 2021	**27,190,741**	**2564.49**
Change in equity share capital during the year		
Additional shares pursuant to share split issued during the year	244,716,669	-
Add: Issued during the year		
1.Fresh Issue of Equity Shares	17,717,710	17.18
2.Issue of Equity Shares under Employee Stock Option	1,718,000	177.18
3.Calling Up UnPaid Capital	-	154.58
Balance as at March 31, 2022	**291,343,120**	**2913.43**

B. Other Equity

₹ in Lakhs

	Reserves and surplus						Total
	Statutory reserve	Securities premium	Employee stock option reserve	General reserve	Retained earnings	Effective portion of Cash Flow Hedge Reserve	
As at April 1, 2020	**10,861.82**	**139,069.20**	**428.30**	**719.60**	**40,820.92**	**-**	**191,899.84**
Premium received on shares issued during the year	-	22.84	-	-	-	-	22.84
Profit for the year	-	-	-	-	35,899.44	-	35,899.44
Transfer to statutory reserve	7,179.89	-	-	-	(7,179.89)	-	-
Re-measurements of defined benefit plan	-	-	-	-	(78.78)	-	-
Share based payment expense for the year	-	-	1,509.39	-	-	-	1,509.39
Transfer to Securities Premium on Exercise of ESOP	-	142.42	(142.42)	-	-	-	-
As at March 31, 2021	**18,041.71**	**139,234.46**	**1,795.27**	**719.60**	**69,461.69**	**-**	**229,252.73**
As at April 1, 2021	**18,041.71**	**139,234.46**	**1,795.27**	**719.60**	**69,461.69**	**-**	**229,252.73**
Premium received on shares issued during the year	-	90,363.86	-	-	-	-	90,363.86
Profit for the year	-	-	-	-	45,354.45	-	45,354.45
Other Comprehensive Income for the year	-	-	-	-	-	(94.98)	(94.98)
Transfer to statutory reserve	9,070.89	-	-	-	(9,070.89)	-	-
Re-measurements of defined benefit plan	-	-	-	-	(128.43)	-	(128.43)
Share based payment expense for the year	-	-	3,544.18	-	-	-	3,544.18
Share Issue Expenses	-	(170.10)	-	-	-	-	(170.10)
Transfer to Securities Premium on Exercise of ESOP	-	1,933.65	(1,933.65)	-	-	-	-
As at March 31, 2022	**27,112.60**	**231,361.87**	**3,405.80**	**719.60**	**105,616.78**	**(94.98)**	**3,68,121.67**

Significant accounting policies 2 and 3

The accompanying notes are integral part of the financial statements

As per our report of even date
For **S.R.Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm registration number: 101049W/E300004

per Bharath N S
Membership No: 210934

Place of signature: Chennai
Date: April 27, 2022

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

D Lakshmipathy
Chairman & Managing Director
DIN : 01723269

R Anand
Independent Director
DIN : 00243485

G Srikanth
Chief Financial Officer

K Rangarajan
Chief Executive Officer

B Shalini
Company Secretary
ACS: A51334

Place: Chennai
Date: April 27, 2022

Statement of Cash Flows for the year ended March 31, 2022

(All amounts are in Indian Rupees in lakhs, unless otherwise stated)

₹ in Lakhs

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
A. Cash Flow from Operating Activities		
Net Profit Before Tax	**60,420.91**	**47,644.08**
Adjustments for:		
Depreciation and amortization	1,224.47	1,138.39
Impairment on financial instruments	4,551.80	3,517.57
Loss on sale/retirement of property, plant and equipment (net)	1.32	2.32
Profit on sale of current investments (net)	(2,090.21)	(1,319.03)
Interest income on deposits with banks / others	(2,703.35)	(1,937.47)
Interest on loans	(117,673.20)	(99,550.11)
Finance costs	30,060.00	32,785.95
Gain recognised on derecognition of leases	(21.73)	(42.32)
Employee stock option expenses	3,544.18	1,509.39
Operating cash flow before working capital changes	**(22,685.81)**	**(16,251.23)**
Changes in Working Capital:		
Adjustments for (increase) / decrease in operating assets:		
Loans	(77,227.15)	(55,972.13)
Other non- financial assets	(830.97)	95.85
Other financial assets	(1,323.59)	50.22
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables	433.14	204.76
Provisions	8.60	36.92
Other financial liabilities	1,845.86	(899.70)
Other non financial liabilities	(818.05)	1,189.72
Net cash (used in) operations	**(100,597.97)**	**(71,545.59)**
Finance cost paid	(27,395.14)	(30,362.09)
Interest income received	115,660.55	99,210.18
Direct taxes paid (net)	(15,383.41)	(13,029.26)
Net Cash Used in Operating Activities (A)	**(27,715.97)**	**(15,726.76)**
B. Cash Flow from Investing Activities		
Purchase of fixed assets	(862.85)	(324.36)
Proceeds from sale of fixed assets	0.90	0.98
Profit on sale of current investments	2,090.21	1,319.03
(Purchase)/redemption of investments (Net)	(24,818.38)	-
Interest income on deposits with banks / others	2,155.27	1,778.77
Movement in bank balances other than cash and cash equivalent	(16,953.57)	7,439.65
Net Cash from / (used in) Investing Activities (B)	**(38,388.42)**	**10,214.07**
C. Cash Flow from Financing Activities		
Proceeds from issue of equity shares	348.94	6.28
Proceeds from securities premium	90,363.87	22.83

Cash Flow Statement for the year ended March 31, 2022

(All amounts are in Indian Rupees in lakhs, unless otherwise stated)

₹ in Lakhs

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Share Issue Expenses	(170.10)	-
Fresh borrowings during the year	31,541.00	236,179.03
Repayments of borrowings during the year	(120,830.40)	(132,452.53)
Payment towards leases (excluding interest)	(550.92)	(502.59)
Net Cash from Financing Activities (C)	**702.39**	**103,253.02**
Net Increase in Cash and Cash Equivalents (A) + (B) + (C)	**(65,402.00)**	**97,740.33**
Cash and Cash Equivalents at the beginning of the Year	**126,718.28**	**28,977.95**
Cash and Cash Equivalents at the end of the year	**61,316.28**	**126,718.28**

₹ in Lakhs

Particulars	As at March 31, 2022	As at March 31, 2021
Notes		
1. Cash and cash equivalents		
Cash on hand	504.00	425.85
Balances with banks		
(i) In current accounts	4,741.93	31,454.90
(ii) In other deposit accounts (original maturity less than 3 months)	56,070.35	94,837.53
Total	**61,316.28**	**126,718.28**

Significant accounting policies 2 and 3

The accompanying notes are integral part of the financial statements

As per our report of even date
For **S.R.Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm registration number: 101049W/E300004

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

per Bharath N S
Membership No: 210934

D Lakshmipathy
Chairman & Managing Director
DIN : 01723269

R Anand
Independent Director
DIN : 00243485

G Srikanth
Chief Financial Officer

K Rangarajan
Chief Executive Officer

B Shalini
Company Secretary
ACS: A51334

Place of signature: Chennai
Date: April 27, 2022

Place: Chennai
Date: April 27, 2022

Notes forming part of the financial statements for the year ended March 31, 2022

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

1. Corporate Information

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

2. Basis of preparation

2.1. Statement of compliance

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

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

These financial statements were authorised for issue by the Company's Board of Directors on April 27, 2022

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

2.2. Presentation of financial statements

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and notified under section 133 of the Companies Act, 2013 (the Act) along with other relevant provisions of the Act, the Master Direction – Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 ('the NBFC Master Directions') and notification for Implementation of Indian Accounting Standard vide circular RBI/2019-20/170 DOR(NBFC).CC.PD.No.109/22.10.106/2019-20 dated 13 March 2020 and RBI/2020-21/15 DOR (NBFC).CC.PD.No.116/22.10.106/2020-21 dated 24 July 2020 ('RBI Notification for Implementation of Ind AS') issued by RBI.

The financial statements are presented in Indian Rupee (INR) which is also the functional currency of the Company. The financial statements have been prepared on a historical cost basis, except for certain financial instruments that are measured at fair value. The financial statements are prepared on a going concern basis, as the Management is satisfied that the Company shall be able to continue its business for the foreseeable future and no material uncertainty exists that may cast significant doubt on the going concern assumption. In making this assessment, the Management has considered a wide range of information relating to present and future conditions, including future projections of profitability, cash flows and capital resources.

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

The Company presents its balance sheet in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non–current) is presented separately.

Financial assets and financial liabilities are generally reported gross in the balance sheet. They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event, the parties also intend to settle on a net basis in all of the following circumstances:-

- The normal course of business
- The event of default
- The event of insolvency or bankruptcy of the company and / or its counterparties.

Derivative assets and liabilities with master netting arrangements (e.g. ISDAs) are only presented net when they satisfy the eligibility of netting for all of the above criteria and not just in the event of default.

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.

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 behavioural life of loans given / taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and delayed interest and charges).

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

iv). Impairment of financial asset

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

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

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

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

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

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

v). Provisions and other contingent liabilities

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

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

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

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

vi) Leases

The estimates and judgements related to leases include:

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

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

vii) Other assumptions and estimation uncertainities

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

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

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

(iii) Recognition of deferred taxes.

3. Significant accounting policies

3.1 Revenue Recognition from contracts with customers

The Company recognises revenue from contracts with customers (other than financial assets to which Ind AS 109 ‘Financial instruments’ is applicable) based on a comprehensive assessment model as set out in Ind AS 115 ‘Revenue from contracts with customers’. The Company identifies contract(s) with a customer and its performance obligations under the contract, determines the transaction price and its allocation to the performance obligations in the contract and recognises revenue only on satisfactory completion of performance obligations. Revenue is measured at the fair value of the consideration received or receivable

A. Effective Interest Rate ('EIR') Method

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

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

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

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

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

B. Dividend income

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

C. Other interest income

Other interest income is recognised on a time proportionate basis.

D. Fee income

Fee income such as legal inspection charges, cheque bounce charges are recognised on an accrual basis in accordance with term of contract with the customer. Cheque Bounce charges are recognised as income upon certainity of receipt

E. Net gain on fair value changes:

The Company designates certain financial assets for subsequent measurement at fair value through profit or loss (FVTPL) or fair value through other comprehensive income (FVOCI). The Company recognises gains on fair value change of financial assets measured at FVTPL and realised gains on derecognition of financial asset measured at FVTPL and FVOCI on net basis in profit or loss

F. Others

Delayed interest and other operating income are recognized as income upon certainty of receipt.
The Company recognises income on recoveries of financial assets written off on realisation or when the right to receive the same without any uncertainties of recovery is established 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. Loans are recognised when funds are transferred to the customers account. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

B. Initial measurement of financial instruments

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

C. Measurement categories of financial assets and liabilities

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

i). Amortised cost

ii). FVOCI

iii). FVTPL

3.3. Financial assets and liabilities

A. Financial assets

Business model assessment

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

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

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

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

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

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

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

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. Bank balances, Loans, Trade receivables and other financial investments that meet the above conditions are measured at amortised cost.

Financial assets at fair value through Other Comprehensive Income (FVOCI). Financial assets are measured at FVOCI when the instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset meets the SPPI test.

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

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

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.

iii). Debt Securities and other borrowed funds

After initial measurement, debt issued and other borrowed funds are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on issue funds, and costs that are an integral part of the instrument.

The Company issues certain non-convertible debentures, the return of which is linked to performance of specified indices market indicators over the period of the debenture. Such debentures have a component of an embedded derivative which is fair valued at a reporting date. The resultant 'net unrealised loss or gain' on the fair valuation of these embedded derivatives is recognised in the statement of profit and loss. The debt component of such debentures is measured at amortised cost using yield to maturity basis.

iv). Embedded derivatives

An embedded derivative is a component of a hybrid instrument that also includes a non-derivative host contract with the effect that some of the cash flows of the combined instrument vary in a way similar to a standalone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index or prices or rates, credit rating or credit index, or other variable, provided that, in the case of a non-financial variable, it is not specific to a party to the contract. A derivative that is attached to a financial instrument, but is contractually transferable independently of that instrument, or has a different counterparty from that instrument, is not an embedded derivative, but a separate financial instrument.

Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss, unless designated as effective hedging instruments.

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, 2022 and March 31, 2021.

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 unless the new loan is deemed to be Purchased or originated credit impaired (POCI)

When assessing whether or not to derecognise a loan to a customer, amongst others, the Company considers the following factors:

- Change in currency of the loan
- Introduction of an equity feature
- Change in counterparty
- If the modification is such that the instrument would no longer meet the SPPI criterion.

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Company records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

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.

When the Company has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Company's continuing involvement, in which case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration the Company could be required to pay.

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).The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL). The 12mECL is 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.When estimating LTECLs for undrawn loan commitments, the Company estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down.

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

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

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

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

Based on the above, the Company categorises 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.

For financial assets for which the Company has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition of the financial asset.

B. Calculation of ECLs

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

Probability of Default (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.

Exposure at Default (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, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.

Loss Given Default (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.

Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value.

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.

Significant increase in credit risk

The Company monitors all financial assets that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Company will measure the loss allowance based on lifetime ECLs rather than 12mECLs.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognised. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Company's historical experience and expert credit assessment including forward looking information.

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%.

Credit-impaired financial assets

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Credit-impaired financial assets are referred to as Stage 3 assets. Evidence of credit-impairment includes observable data about the following events:

- significant financial difficulty of the borrower;
- a breach of contract such as a default or past due event;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- the disappearance of an active market for a security because of financial difficulties; or
- the purchase of a financial asset at a deep discount that reflects the incurred credit losses.

It may not be possible to identify a single discrete event—instead, the combined effect of several events may have caused financial assets to become credit-impaired. The Company assesses whether debt instruments that are financial assets measured at amortised cost are credit-impaired at each reporting date.

A loan is considered credit-impaired when a concession is granted to the borrower due to a deterioration in the borrower's financial condition, unless there is evidence that as a result of granting the concession the risk of not receiving the contractual cash flows has reduced significantly and there are no other indicators of impairment. For financial assets where concessions are contemplated but not granted the asset is deemed credit impaired when there is observable evidence of credit-impairment including meeting the definition of default. The definition of default includes unlikeliness to pay indicators and a back- stop if amounts are overdue for 90 days or more.

Loan Commitments

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, based on a probability-weighting of the four scenarios. The expected cash shortfalls are discounted at an approximation to the expected EIR on the loan.

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. 47(ii)).

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

3.7. Write-offs

Financial assets are written off when there is a significant doubt on recoverability in the medium term. 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:

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

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 In addition, adjustments may be required for the condition or location of the asset or the extent to which it relates to items that are comparable to the valued instrument. However, if such adjustments are based on unobservable inputs which are significant to the entire measurement, the Company will classify the instruments as Level 3;

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

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

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. Investment Property

Investment property represents property held to earn rentals or for capital appreciation or both.

Depreciation on building classified as investment property has been provided on the straight-line method over a period of 60 years based on the Company's estimate of their useful lives taking into consideration technical factors, which is the same as the period prescribed in Sch II to the Companies Act 2013.

Though the Company measures investment property using cost based measurement, the fair value of investment property is disclosed in the notes. Fair values are determined based on an annual evaluation performed by an external independent valuer applying valuation models.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the statement of profit and loss in the period of derecognition.

3.10.1. Property, plant and equipment

i. Recognition and measurement

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

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

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

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

ii. Subsequent expenditure

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

iii. Depreciation

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

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

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

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

Property plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in other income / expense in the statement of profit and loss in the year the asset is derecognised. The date of disposal of an item of property, plant and equipment is the date the recipient obtains control of that item in accordance with the requirements for determining when a performance obligation is satisfied in Ind AS 115.

3.11. Intangible assets

i. Recognition & Measurement

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

ii. Subsequent expenditure

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

iii. Amortisation

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

Asset category	Estimated Useful life
Computer softwares	5 years

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

3.12. Employee benefits

i. Post-employment benefits

Defined contribution plan

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

Defined benefit plans

Gratuity

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

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

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

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service (‘past service cost’ or ‘past service gain’) or the gain or loss on curtailment is recognised immediately in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Company recognises related restructuring costs

The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

ii. Other long-term employee benefits

Compensated absences

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

iii. Short-term employee benefits

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

(a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
(b) in case of non-accumulating compensated absences, when the absences occur.

iv. Stock based compensation

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

3.13. Provisions, contingent liabilities and contingent assets

Provisions

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

Contingent liability

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

Contingent asset

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

3.14. Leases

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.

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

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

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

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

3.15. Taxes

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.

Indirect taxes

Goods and services tax /value added taxes paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the goods and services tax/value added taxes paid, except:

- When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of tax included The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

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

3.19. Earnings per share

The Company reports basic and diluted earnings per equity share in accordance with Ind AS 33, Earnings Per Share. Basic earnings per equity share is computed by dividing net profit / loss after tax attributable to the equity share holders for the year by the weighted average number of equity shares outstanding during the year. Diluted earnings per equity share is computed and disclosed by dividing the net profit/ loss after tax attributable to the equity share holders for the year after giving impact of dilutive potential equity shares for the year by the weighted average number of equity shares and dilutive potential equity shares outstanding during the year, except where the results are anti-dilutive.Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value. Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period.

3.20. Cash flow statement

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

3.21. Impairment of non-financial assets

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

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken in to account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

Impairment losses of continuing operations, are recognised in the statement of profit and loss.
For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

3.22. Derivative financial instruments

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided that, in the case of a non-financial variable, it is not specific to a party to the contract (i.e., the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts expected to have a similar response to changes in market factors.
- It is settled at a future date

The Company enters into derivative financial instruments to manage its exposure to interest rate risk and foreign exchange rate risk. Derivatives held include foreign exchange forward contracts, interest rate swaps and cross currency interest rate swaps.

Derivatives are initially recognised at fair value on the date when a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain/loss is recognised in the statement of profit and loss immediately unless the derivative is designated and is effective as a hedging instrument, in which event the timing of the recognition in the statement of profit and loss depends on the nature of the hedge relationship. The Company designates certain derivatives as hedges of highly probable forecast transactions (cash flow hedges). A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability.

3.22.1. Hedge accounting policy

The Company makes use of derivative instruments to manage exposures to interest rate and foreign currency. In order to manage particular risks, the Company applies hedge accounting for transactions that meet specific criteria. At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Company's risk management objective and strategy for undertaking hedge, the hedging / economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the Company would assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an on-going basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

3.22.2. Cash Flow Hedges

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability (such as all or some future interest payments on variable rate debt) or a highly probable forecast transaction and could affect profit and loss. For designated and qualifying cash flow hedges, the effective portion of the cumulative gain or loss on the hedging instrument is initially recognised directly in OCI within equity (cash flow hedge reserve). The ineffective portion of the gain or loss on the hedging instrument is recognised immediately in Finance Cost in the statement of profit and loss. When the hedged cash flow affects the statement of profit and loss, the effective portion of the gain or loss on the hedging instrument is recorded in the corresponding income or expense line of the statement of profit and loss. When a hedging instrument expires, is sold, terminated, exercised, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss that has been recognised in OCI at that time remains in OCI and is recognised when the hedged forecast transaction is ultimately recognised in the statement of profit and loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in OCI is immediately transferred to the statement of profit and loss.

The Company's hedging policy only allows for effective hedging relationships to be considered as hedges as per the relevant Ind-AS. Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationships exists between the hedged item and hedging instrument. The Company enters into hedge relationships where the critical terms of the hedging instrument match with the terms of the hedged item, and so a qualitative and quantitative assessment of effectiveness is performed.

3.23. Standards issued but not yet effective

Ministry of Corporate Affairs has issued Companies (Indian Accounting Standards) Amendment Rules, 2022 on March 23, 2022, which contains various amendments to Ind AS. Management has evaluated these and have concluded that there is no material impact on the Company's financial statements.

Notes forming part of the financial statements for the year ended March 31, 2022

(All amounts are in Indian Rupees in lakhs, unless otherwise stated)

₹ in Lakhs

Particulars	As at March 31, 2022	As at March 31, 2021
4. Cash and cash equivalents		
Cash on hand	504.00	425.85
Balances with banks		
(i) In current accounts	4,741.93	31,454.90
(ii) In other deposit accounts (original maturity less than 3 months)	56,070.35	94,837.53
	61,316.28	**126,718.28**

Note: Short-term deposits are made for varying periods of upto three months, depending on the immediate cash requirements of the company, and earn interest at the respective short-term deposit rates.

Particulars	As at March 31, 2022	As at March 31, 2021
5. Bank Balances other than cash and cash equivalents		
Fixed deposit with bank	26,674.92	8,850.03
In earmarked accounts		
Unclaimed Dividend account	2.58	3.96
	26,677.50	**8,853.99**

Note: Fixed deposit and other balances with banks earns interest at fixed rate or floating rates based on daily bank deposit rates.

Fixed Deposits amounting to INR. 7287.10 lakhs (March 31, 2021- INR.7642.6 lakhs, March 31,2020-INR.2405.6 lakhs) have been provided as credit enhancement for securitisation transaction and INR 825 lakhs (March 31, 2021- 825 lakhs) have been provided as cash collateral against specific Non-Convertible Debentures

Particulars	As at March 31, 2022	As at March 31, 2021
6. Loans (At amotised cost)		
A. Based on nature		
Term Loans		
Gross term loans	506,707.77	444,538.09
Inter-Corporate Deposits	13,821.88	-
Gross loans	**520,529.65**	**444,538.09**
Less: Impairment loss allowance	10,288.58	8,663.15
Net loans	**510,241.07**	**435,874.94**
B. Based on security		
Secured by tangible assets	506,707.77	444,538.09
Unsecured	13,821.88	-
Gross loans	**520,529.65**	**444,538.09**
Less: Impairment loss allowance	10,288.58	8,663.15
Net loans	**510,241.07**	**435,874.94**

₹ in Lakhs

Particulars	As at March 31, 2022	As at March 31, 2021
C. Based on region		
Loans in India		
Public sector	-	-
Others	5,20,529.65	444,538.09
Less: Impairment loss allowance	10,288.58	8,663.15
	510,241.07	**435,874.94**
Loans outside India		
Less: Impairment loss allowance	-	-
Total	**510,241.07**	**435,874.94**

Note: Secured exposures are secured by registered mortgage of immoveable property

The Company has not granted any Loans or Advances to Promoters,directors, KMPs and the Related Parties (as defined under Companies Act 2013)

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

6.1.1. Reconciliation of gross carrying amount is given below:

Gross Term Loans

₹ in Lakhs

Particulars	31 March 2022				31 March 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	**389,595.07**	**50,423.65**	**4,519.37**	**444,538.09**	**343,232.28**	**40,667.94**	**5,322.63**	**389,222.85**
Asset derecognised or repaid (excluding write-off)	(45,171.22)	(6,392.23)	(310.89)	(51,874.34)	(30,980.83)	(4,229.42)	(463.14)	(35,673.39)
Assets partially repaid	(39,313.75)	(6,812.79)	(197.33)	(46,323.87)	(27,563.96)	(300.54)	-	(27,864.50)
Roll forwards to higher stages	(55,081.22)	(3,344.33)	-	(58,425.55)	(31,280.91)	(700.53)	-	(31,981.44)
Roll forward from lower stages	-	54,257.23	4,168.32	58,425.55	-	30,902.25	1,079.19	31,981.44
Roll back from higher stages	11,615.00	270.93	-	11,885.93	17,714.79	647.96	-	18,362.75
Roll back to lower stages	-	(11,530.02)	(355.91)	(11,885.93)	-	(17,597.31)	(765.44)	(18,362.75)
Amount written off	-	-	(2,926.39)	(2,926.39)	-	-	(996.83)	(996.83)
New assets originated/ incremental accretions	160,052.48	2,833.97	407.83	163,294.28	118,473.70	1,033.30	342.96	119,849.96
Gross carrying amount closing balance*	**421,696.36**	**79,706.41**	**5,305.00**	**506,707.77**	**389,595.07**	**50,423.65**	**4,519.37**	**444,538.09**

* 1621 loan accounts in Stage 3 as on March 31, 2022

Inter-Corporate Deposits

Gross carrying amount opening balance	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Asset derecognised or repaid (excluding write-off)	-	-	-	-	-	-	-	-
Assets partially repaid	-	-	-	-	-	-	-	-
Roll forwards to higher stages	-	-	-	-	-	-	-	-
Roll forward from lower stages	-	-	-	-	-	-	-	-
Roll back from higher stages	-	-	-	-	-	-	-	-
Roll back to lower stages	-	-	-	-	-	-	-	-
Amount written off	-	-	-	-	-	-	-	-
New assets originated/ incremental accretions	13,821.88	-	-	13,821.88	-	-	-	-
Gross carrying amount closing balance	**13,821.88**	**-**	**-**	**13,821.88**	**-**	**-**	**-**	**-**

6.1.2. Reconciliation of ECL balance is given below:

Gross carrying amount opening balance	**1,276.52**	**6,574.79**	**811.84**	**8,663.15**	**1,661.41**	**3,538.88**	**942.12**	**6,142.41**
New assets originated/ incremental accretions	889.24	5,201.58	3,095.99	9,186.81	75.21	3,373.12	910.57	4,358.90
Reversal/Utilization/write off during the Year	(717.30)	(4,787.20)	(2,056.88)	(7,561.38)	(460.09)	(337.21)	(1,040.85)	(1,838.16)
Amount written off	-	-	(2,926.39)	(2,926.39)	-	-	(996.76)	(996.76)
Impairment Loss Allowance- closing balance	**1,448.46**	**6,989.17**	**1,850.95**	**10,288.58**	**1,276.52**	**6,574.79**	**811.84**	**8,663.15**

₹ in Lakhs

Particulars	As at March 31, 2022	As at March 31, 2021
7. Investments		
Investments in Government Securities (At amortized Cost)*		
Investment in Treasury Bills	7,423.24	-
Investment in Government of India Fixed Rate Bonds	7,528.39	-
Investment in Government of India STRIPS	9,866.75	-
Total	**24.818.34**	**-**

Note:

*Investments are made in India

7.1. Internal rating grade

	As at 31st March 2022			
Grade	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Low Risk	24,818.38			24,818.38
Medium Risk	-	-	-	-
High Risk	-	-	-	-
	24,818.38	**-**	**-**	**24,818.38**

	As at 31st March 2021			
Grade	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Low Risk	-			-
Medium Risk	-	-	-	-
High Risk	-	-	-	-
	-	**-**	**-**	**-**

7.2. Movement in investments (Investments measured at Amortised cost)

₹ in Lakhs

Particulars	Stage 1	Stage 2	Stage 3
Opening balance as at April 01, 2020	**-**	**-**	**-**
New assets purchased	-	-	-
Assets redeemed	-	-	-
Assets derecognized or written off	-	-	-
Transfer to stages	-	-	-
Closing balance as at March 31, 2021	**-**	**-**	**-**
New assets purchased	28,350.46	-	-
Assets redeemed	(3,532.08)	-	-
Assets derecognized or written off	-	-	-
Transfer to stages	-	-	-
Closing balance as at March 31, 2022	**24,818.38**	**-**	**-**

₹ in Lakhs

Particulars	As at March 31, 2022	As at March 31, 2021
8. Other financial assets		
Unsecured, considered good (At Amortized Cost)		
Security deposits	457.03	369.56
Other receivables	1,340.90	104.78
	1,797.93	**474.34**

Note:

Other receivables include INR 1,280.09 lakhs incurred towards various expenses in connection with proposed initial public offer of equity shares of the Company.

Particulars	As at March 31, 2022	As at March 31, 2021
9. Current tax assets (net)		
Advance income tax, net of provision	220.07	795.79
	220.07	**795.79**

Particulars	As at March 31, 2022	As at March 31, 2021
10. Investment Property		
Land		
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	**7.24**	**6.50**

Note:

1. The Fair value of the investment property is based on the valuation by registered valuer as defined under rule 2 of Companies (Registered Valuer and Valuations) Rules, 2017. There were no immovable properties where the title deeds are not held in the name of the Company.
2. Price per Square feet is the Significant unobservable input used for the Fair valuation of the Investment Property. The fair value changes by INR. 0.7 lakhs as at March 31, 2022 at a sensitivity of 10%

Particulars	As at March 31, 2022	As at March 31, 2021
11. Other non-financial assets		
Capital advances	98.18	42.62
Prepaid expenses	865.80	331.14
Balance with government authorities	319.76	79.01
	1,283.74	**452.77**

₹ in Lakhs

Particulars	Furniture and fittings	Computers and accessories	Office equipments	Vehicles	Leasehold improvements	Total
12. Property, plant and equipment						
Cost or deemed cost (gross carrying amount)						
As at March 31, 2020	**605.42**	**871.72**	**258.55**	**39.26**	**404.95**	**2,179.90**
Additions	133.72	81.28	59.00	-	0.05	274.05
Disposals	10.14	0.47	0.06	-	-	10.67
As at March 31, 2021	**729.00**	**952.53**	**317.49**	**39.26**	**405.00**	**2,443.28**
Additions	187.12	494.55	156.39	-	9.45	847.51
Disposals	8.19	-	0.66	-	-	8.85
As at March 31, 2022	**907.93**	**1,447.08**	**473.22**	**39.26**	**414.45**	**3,281.94**
Accumulated depreciation						
As at March 31, 2020	**206.83**	**462.49**	**102.10**	**26.41**	**275.98**	**1,073.81**
Depreciation for the year	119.92	277.81	83.94	3.96	45.62	531.25
Depreciation on disposals	6.99	0.34	0.05	-	-	7.38
As at March 31, 2021	**319.76**	**739.96**	**185.99**	**30.37**	**321.60**	**1,597.68**
Depreciation for the year	122.95	236.16	75.78	2.47	39.07	476.43
Depreciation on disposals	5.77	0.34	0.51	-	-	6.62
As at March 31, 2022	**436.94**	**975.78**	**261.26**	**32.84**	**360.67**	**2,067.49**
Carrying amount (net)						
As at March 31, 2021	**409.24**	**212.57**	**131.50**	**8.89**	**83.40**	**845.60**
As at March 31, 2022	**470.99**	**471.30**	**211.96**	**6.42**	**53.78**	**1,214.45**

13. Other Intangible assets

₹ in Lakhs

Particulars	Softwares	Total
Cost or deemed cost (gross carrying amount)		
As at March 31, 2020	**355.67**	**355.67**
Additions	50.31	50.31
Disposals	-	-
As at March 31, 2021	**405.98**	**405.98**
Additions	15.35	15.35
Disposals	-	-
As at March 31, 2022	**421.33**	**421.33**

₹ in Lakhs

Particulars	Softwares	Total
Accumulated amortisation		
As at March 31, 2020	**162.87**	**162.87**
Amortisation for the year	52.81	52.81
Amortisation on disposals	-	-
As at March 31, 2021	**215.68**	**215.68**
Amortisation for the year	116.91	116.91
Amortisation on disposals	-	-
As at March 31, 2022	**332.59**	**332.59**
Carrying amount (net)		
As at March 31, 2021	**190.30**	**190.30**
As at March 31, 2022	**88.74**	**88.74**

₹ in Lakhs

Particulars	As at March 31, 2022		As at March 31, 2021	
	Notional Amount	Fair Value of Liabilites	Notional Amount	Fair Value of Liabilites
14. Derivative Financial Instruments				
Part I				
Other Derivatives-Cross Currency Swap	7,591.00	138.92	-	-
	7,591.00	**138.92**	**-**	**-**

Part II

Included in above (Part-I) are derivatives held for hedging and risk management purposes as follows:

Cash Flow Hedging-Cross Currency Swap	7,591.00	138.92	-	-
	7,591.00	**138.92**	**-**	**-**

Note: The Notional amounts in the above table refers to the foreign currency borrowing on which the company has hedged the risk of foreign currency fluctuations.

The company has entered into a Derivative Financial Instrument, with a scheduled bank with Investment grade credit rating. Derivatives are fair valued using inputs that are directly or indirectly observable in market place.

The Asset Liability Management Committee and Business Resource Committee periodically monitors and reviews the risks involved.

₹ in Lakhs

Particulars	As at March 31, 2022	As at March 31, 2021
15. Trade payables		
total outstanding dues of micro and small enterprises	-	-
total outstanding dues of creditors other than micro and small enterprises	1,300.31	867.17
	1,300.31	**867.17**

15.1. Trade payables (Ageing Schedule)

The following schedules reflect ageing of trade payables with respect to the due date of Payment

As at 31 March 2022

₹ in Lakhs

Particulars	Not Due	Less than 1 Year	1-2 Years	2-3 Years	More than 3 years	Total
(i) MSME	-	-	-	-	-	-
(ii) Others	-	271.39	-	-	-	271.39
(iii) Disputed Dues-MSME	-	-	-	-	-	-
(iv) Disputed Dues-Others	-	-	-	-	-	-
Subtotal (i+ii+iii+iv)	**-**	**271.39**	**-**	**-**	**-**	**271.39**
(v) Unbilled Amounts	-	1,028.92	-	-	-	1,028.92
Subtotal (v)	**-**	**1,028.92**	**-**	**-**	**-**	**1,028.92**
Grand Total	**-**	**1,300.31**	**-**	**-**	**-**	**1,300.31**
As at 31 March 2021						
(i) MSME	-	-	-	-	-	-
(ii) Others	-	241.07	0.30	-	-	241.37
(iii) Disputed Dues-MSME	-	-	-	-	-	-
(iv) Disputed Dues-Others	-	-	-	-	-	-
Subtotal (i+ii+iii+iv)	**-**	**241.07**	**0.30**	**-**	**-**	**241.37**
(v) Unbilled Amounts	-	625.80	-	-	-	625.80
Subtotal (v)	**-**	**625.80**	**-**	**-**	**-**	**625.80**
Grand Total	**-**	**866.87**	**-**	**-**	**-**	**867.17**

Based on information received from the suppliers, the management has identified the enterprises which have provided services to the Company and which qualify under the definition of micro, medium and small enterprises, as defined under Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act"). Such determination / identification for the purpose of presentation under this disclosure has been done on the basis of information received and available with the Company which has been solely relied upon by the auditors.

₹ in Lakhs

Particulars	As at March 31, 2022	As at March 31, 2021
16.Debt securities (refer note 16.1)		
At amortised cost		
Secured debentures		
55, (March 31, 2021 - 420) 12.50% redeemable, non-convertible debentures of INR 100 each	0.80	6.20
Nil, (March 31, 2021 - 1000) 12.64% redeemable, non-convertible debentures of INR 10 lakh each	-	10,013.53
Nil, (March 31, 2021 - 500) 9.75% redeemable, non-convertible debentures of INR 10 lakh each	-	5,363.29
Nil, (March 31, 2021 - 500) 9.75% redeemable, non-convertible debentures of INR 10 lakh each	-	5,325.89
Nil, (March 31, 2021 - 500) 9.75% redeemable, non-convertible debentures of INR 10 lakh each	-	5,325.89
Nil, (March 31, 2021 - 250) 9.50% redeemable, non-convertible debentures of INR 10 lakh each	-	2,645.75
Nil, (March 31, 2021 - 250) 9.50% redeemable, non-convertible debentures of INR 10 lakh each	-	2,645.75
Nil, (March 31, 2021 - 2000) redeemable, non-convertible debentures of INR 1 lakh each	-	2,058.30
250, (March 31, 2021 - 250) 9.50% redeemable, non-convertible debentures of INR 10 lakh each	2,586.54	2,586.54
2,000 (March 31, 2021 - 2000), 10.30% redeemable, non-convertible debentures of INR 10 lakh each	20,022.58	20,023.30
2000, (March 31, 2021 - 2000) redeemable, non-convertible debentures of INR 1 lakh each*	2,836.96	2,510.58
1250, (March 31, 2021 - 1250) 11.88% redeemable, non-convertible debentures of INR 10 lakh each	12,637.71	12,637.70
750, (March 31, 2021 - 750) redeemable, non-convertible debentures of INR 10 lakh each*	8,406.97	7,695.17
500, (March 31, 2021 - 500) redeemable, non-convertible debentures of INR 10 lakh each*	5,603.32	5,128.88
2500, (March 31, 2021 - 2500) redeemable, non-convertible debentures of INR 1 lakh each*	2,932.42	2,647.77
150, (March 31, 2021 - 150) 12.75% redeemable, non-convertible debentures of INR 10 each	1,500.52	1,500.52
500, (March 31, 2021 - 500) 11.00% redeemable, non-convertible debentures of INR 10 lakh each	5,105.48	5,105.48
150, (March 31, 2021 - 150) 11.00% redeemable, non-convertible debentures of INR 10 lakh each	1,531.64	1,531.64
500, (March 31, 2021 - 500) 11.00% redeemable, non-convertible debentures of INR 10 lakh each	5,105.48	5,105.48
1500 (March 31, 2021 - 1500) redeemable, non-convertible debentures of INR 10 lakh each*	16,591.39	15,221.28

₹ in Lakhs

Particulars	As at March 31, 2022	As at March 31, 2021
150, (March 31, 2021- 150) 10.50% redeemable, non-convertible debentures of INR 10 lakh each	1,632.90	1,631.32
250, (March 31, 2021 - 250) 11.00% redeemable, non-convertible debentures of INR 10 lakh each	2,515.07	2,515.07
2000, (March 31, 2021 - 2000) redeemable, non-convertible debentures of INR 1 lakh each*	2,278.30	2,059.94
700, (March 31, 2021 - 700) 10.91% redeemable, non-convertible debentures of INR 10 lakh each	7,004.43	7,004.41
300,00,000 , (March 31, 2021 - 300,00,000) 11.40% redeemable, non-convertible debentures of INR 10 each	3,001.06	3,001.12
	1,01,293.58	**1,31,290.80**
Less: Unamortised processing fee	(440.21)	(912.25)
	1,00,853.38	**1,30,378.55**
Debts securities in India	1,01,293.58	1,31,290.80
Debts securities outside India	-	-
	1,01,293.58	**1,31,290.80**

Note:

* Coupon rates are linked to performance of specified indices including market indicators over the period of the debentures.

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

₹ in Lakhs

Particulars	Repayment terms	Tenor	Earliest installment date	As at March 31, 2022	As at March 31, 2021
Secured debentures					
55, (March 31, 2020 - 420) 12.50% redeemable, non-convertible debentures of INR 100 each	Principal payment frequency: Entire principal repayable at maturity Coupon payment frequency: Entire interest repayable at maturity	36 months	November 19, 2014	0.80	6.20
Nil, (March 31, 2021 - 1000) 12.64% redeemable, non-convertible debentures of INR 10 lakh each	Principal payment frequency: Repayable in 12 monthly installments Coupon payment frequency: Quarterly	36 months	April 29, 2021	-	10,013.53
Nil, (March 31, 2021 - 500) 9.75% redeemable, non-convertible debentures of INR 10 lakh each	Principal payment frequency: Entire principal repayable at maturity Coupon payment frequency: Half Yearly	18 months	January 3, 2022	-	5,363.29
Nil, (March 31, 2021 - 500) 9.75% redeemable, non-convertible debentures of INR 10 lakh each	Principal payment frequency: Entire principal repayable at maturity Coupon payment frequency: Half Yearly	18 months	January 31, 2022	-	5,325.89
Nil, (March 31, 2021 - 500) 9.75% redeemable, non-convertible debentures of INR 10 lakh each	Principal payment frequency: Entire principal repayable at maturity Coupon payment frequency: Half Yearly	18 months	January 31, 2022	-	5,325.89
Nil, (March 31, 2021 - 250) 9.50% redeemable, non-convertible debentures of INR 10 lakh each	Principal payment frequency: Entire principal repayable at maturity Coupon payment frequency: Half Yearly	18 months	February 21, 2022	-	2,645.75
Nil, (March 31, 2021 - 250) 9.50% redeemable, non-convertible debentures of INR 10 lakh each	Principal payment frequency: Entire principal repayable at maturity Coupon payment frequency: Half Yearly	18 months	February 21, 2022	-	2,645.75
Nil, (March 31, 2021 - 2000) redeemable, non-convertible debentures of INR 1 lakh each	Principal payment frequency: Entire principal repayable at maturity Coupon payment frequency: Entire interest repayable at maturity	15 months	March 15, 2022	-	2,058.30
250, (March 31, 2021 - 250) 9.50% redeemable, non-convertible debentures of INR 10 lakh each	Principal payment frequency: Entire principal repayable at maturity Coupon payment frequency: Yearly	18 months	May 19, 2022	2,586.54	2,586.54
2,000 (March 31, 2021 - 2000), 10.30% redeemable, non-convertible debentures of INR 10 lakh each	Principal payment frequency: Repayable in 4 quarterly installments Coupon payment frequency: Quarterly	60 months	June 28, 2022	20,022.58	20,023.30

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

₹ in Lakhs

Particulars	Repayment terms	Tenor	Earliest installment date	As at March 31, 2022	As at March 31, 2021
Secured debentures					
2000, (March 31, 2021 - 2000) redeemable, non-convertible debentures of INR 1 lakh each*	Principal payment frequency: Entire principal repayable at maturity Coupon payment frequency: Entire interest repayable at maturity	38 months	July 3, 2022	2,836.96	2,510.58
1250, (March 31, 2021 - 1250) 11.88% redeemable, non-convertible debentures of INR 10 lakh each	Principal payment frequency: Entire principal repayable at maturity Coupon payment frequency: Half Yearly	36 months	August 28, 2022	12,637.71	12,637.70
750, (March 31, 2021 - 750) redeemable, non-convertible debentures of INR 10 lakh each*	Principal payment frequency: Entire principal repayable at maturity Coupon payment frequency: Entire interest repayable at maturity	24 months	December 16, 2022	8,406.97	7,695.17
500, (March 31, 2021 - 500) redeemable, non-convertible debentures of INR 10 lakh each*	Principal payment frequency: Entire principal repayable at maturity Coupon payment frequency: Entire interest repayable at maturity	24 months	December 17, 2022	5,603.32	5,128.88
2500, (March 31, 2021 - 2500) redeemable, non-convertible debentures of INR 1 lakh each*	Principal payment frequency: Entire principal repayable at maturity Coupon payment frequency: Entire interest repayable at maturity	30 months	February 28, 2023	2,932.42	2,647.77
150, (March 31, 2021 - 150) 12.75% redeemable, non-convertible debentures of INR 10 each	Principal payment frequency: Repayable yearly in 4 installments Coupon payment frequency: Quarterly	72 months	March 31, 2023	1,500.52	1,500.52
500, (March 31, 2021 - 500) 11.00% redeemable, non-convertible debentures of INR 10 lakh each	Principal payment frequency: Entire principal repayable at maturity Coupon payment frequency: Quarterly	33 months	April 21, 2023	5,105.48	5,105.48
150, (March 31, 2021 - 150) 11.00% redeemable, non-convertible debentures of INR 10 lakh each	Principal payment frequency: Entire principal repayable at maturity Coupon payment frequency: Quarterly	33 months	April 21, 2023	1,531.64	1,531.64
500, (March 31, 2021 - 500) 11.00% redeemable, non-convertible debentures of INR 10 lakh each	Principal payment frequency: Entire principal repayable at maturity Coupon payment frequency: Quarterly	33 months	April 21, 2023	5,105.48	5,105.48
1500 (March 31, 2021 - 1500) redeemable, non-convertible debentures of INR 10 lakh each*	Principal payment frequency: Entire principal repayable at maturity Coupon payment frequency: Entire interest repayable at maturity	27 months	April 30, 2023	16,591.39	15,221.28

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

₹ in Lakhs

Particulars	Repayment terms	Tenor	Earliest installment date	As at March 31, 2022	As at March 31, 2021
Secured debentures					
150, (March 31, 2021- 150) 10.50% redeemable, non-convertible debentures of INR 10 lakh each	Principal payment frequency: Entire principal repayable at maturity Coupon payment frequency: Yearly	36 months	May 26, 2023	1,632.90	1,631.32
250, (March 31, 2021 - 250) 11.00% redeemable, non-convertible debentures of INR 10 lakh each	Principal payment frequency: Entire principal repayable at maturity Coupon payment frequency: Quarterly	36 months	June 12, 2023	25,15.07	2,515.07
2000, (March 31, 2021 - 2000) redeemable, non-convertible debentures of INR 1 lakh each*	Principal payment frequency: Entire principal repayable at maturity Coupon payment frequency: Entire interest repayable at maturity	30 months	June 15, 2023	2,278.30	2,059.94
700, (March 31, 2021 - 700) 10.91% redeemable, non-convertible debentures of INR 10 lakh each	Principal payment frequency: Entire principal repayable at maturity Coupon payment frequency: Half Yearly	36 months	September 30, 2023	7,004.43	7,004.41
300,00,000 , (March 31, 2021 - 300,00,000) 11.40% redeemable, non-convertible debentures of INR 10 each	Principal payment frequency: Entire principal repayable at maturity Coupon payment frequency: Monthly	60 months	April 11, 2024	3,001.06	3,001.12
				101,293.56	**131,290.82**

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

* Coupon rates are linked to performance of specified indices including market indicators over the period of the debentures.

₹ in Lakhs

Particulars	Repayment terms	Tenor	Earliest installment date	As at March 31, 2022	As at March 31, 2021
Term loans from banks					
Term Loan 1	Repayable in 58 monthly installments	60 months	April 30, 2017	-	696.14
Term Loan 2	Repayable in 9 half-yearly installments	60 months	March 28, 2018	-	111.11
Term Loan 3	Repayable in 48 monthly installments	48 months	April 23, 2018	-	246.38
Term Loan 4	Repayable in 36 monthly installments	36 months	May 5, 2018	-	30.27
Term Loan 5	Repayable in 36 monthly installments	36 months	May 5, 2018	-	70.19
Term Loan 6	Repayable in 40 monthly installments	42 months	September 30, 2018	-	1,125.31
Term Loan 7	Repayable in 60 monthly installments	60 months	December 5, 2018	335.29	536.56
Term Loan 8	Repayable in 36 monthly installments	36 months	February 5, 2019	-	698.29
Term Loan 9	Repayable in 60 monthly installments	60 months	March 3, 2019	1,466.12	2,231.74
Term Loan 10	Repayable in 36 monthly installments	36 months	May 1, 2019	-	1,093.91
Term Loan 11	Repayable in 34 monthly installments	36 months	May 18, 2019	-	1,618.10
Term Loan 12	Repayable in 36 monthly installments	36 months	May 31, 2019	-	1,625.00
Term Loan 13	Repayable in 20 quarterly installments	60 months	June 30, 2019	1,994.91	3,000.88
Term Loan 14	Repayable in 36 monthly installments	36 months	June 30, 2019	166.67	1,178.21
Term Loan 15	Repayable in 48 monthly installments	48 months	July 29, 2019	468.75	843.75
Term Loan 16	Repayable in 36 monthly installments	36 months	September 25, 2019	277.78	951.84
Term Loan 17	Repayable in 57 monthly installments	60 months	September 30, 2019	455.44	666.76
Term Loan 18	Repayable in 33 quarterly installments	36 months	December 30, 2019	378.89	1,288.64
Term Loan 19	Repayable in 60 monthly installments	60 months	January 30, 2020	1,649.96	2,319.44
Term Loan 20	Repayable in 60 monthly installments	62 months	January 30, 2020	11,188.27	15,258.90
Term Loan 21	Repayable in 36 monthly installments	36 months	February 5, 2020	833.54	1,834.51
Term Loan 22	Repayable in 36 monthly installments	36 months	March 5, 2020	646.84	1,351.77
Term Loan 23	Repayable in 60 monthly installments	60 months	April 30, 2020	2,215.60	2,938.92
Term Loan 24	Repayable in 36 monthly installments	36 months	May 1, 2020	1,456.22	2,809.54
Term Loan 25	Repayable in 12 quarterly installments	37 months	May 26, 2020	633.41	1,277.59
Term Loan 26	Repayable in 57 monthly installments	60 months	June 25, 2020	2,718.22	3,648.84
Term Loan 27	Repayable in 34 monthly installments	36 months	August 16, 2020	1,441.54	2,677.21
Term Loan 28	Repayable in 34 monthly installments	36 months	September 30, 2020	1,765.15	3,177.35
Term Loan 29	Repayable in 48 monthly installments	52 months	October 1, 2020	0.00	1,358.37
Term Loan 30	Repayable in 46 monthly installments	48 months	November 25, 2020	1,576.09	2,249.47
Term Loan 31	Repayable in 36 monthly installments	36 months	November 30, 2020	1,319.80	2,153.38
Term Loan 32	Repayable in 36 monthly installments	36 months	December 10, 2020	1,318.49	2,240.03
Term Loan 33	Repayable in 34 monthly installments	36 months	December 31, 2020	2,333.32	4,333.32
Term Loan 34	Repayable in 36 monthly installments	36 months	January 31, 2021	583.33	916.67

₹ in Lakhs

Particulars	Repayment terms	Tenor	Earliest installment date	As at March 31, 2022	As at March 31, 2021
Term loans from banks					
Term Loan 35	Repayable in 48 monthly installments	48 months	February 5, 2021	1,639.89	2,221.12
Term Loan 36	Repayable in 20 quarterly installments	60 months	February 28, 2021	2,883.00	3,778.00
Term Loan 37	Repayable in 60 monthly installments	60 months	March 3, 2021	1,578.85	1,981.96
Term Loan 38	Repayable in 36 monthly installments	36 months	March 23, 2021	1,544.50	2,427.10
Term Loan 39	Repayable in 36 monthly installments	36 months	April 30, 2021	333.33	500.00
Term Loan 40	Repayable in 36 monthly installments	36 months	April 30, 2021	5,001.19	7,501.79
Term Loan 41	Repayable in 48 monthly installments	48 months	May 1, 2021	4,662.32	6,003.12
Term Loan 42	Repayable in 33 monthly installments	36 months	May 31, 2021	1,655.15	2,500.00
Term Loan 43	Repayable in 32 monthly installments	35 months	July 31, 2021	1,858.79	2,500.00
Term Loan 44	Repayable in 36 monthly installments	36 months	January 31, 2022	4,583.00	-
Term Loan 45	Repayable in 48 monthly installments	48 months	March 15, 2022	1,958.33	-
Term Loan 46	Repayable in 34 monthly installments	36 months	March 30, 2022	1,941.63	-
Term Loan 47	Repayable in 60 monthly installments	60 months	April 30, 2022	7,501.80	-
Term Loan 48	Repayable in 57 monthly installments	60 months	June 30, 2022	4,951.08	-
Term Loan 49	Repayable in 72 monthly installments	74 months	June 30, 2022	2,501.27	-
				81,817.77	**97,971.50**

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

As at March 31, 2022, the rate of interest across term loans from banks was in the range of 7.95% p.a to 10.90% p.a (March 31, 2021- 7.50% p.a to 11.50% p.a)

Terms loans from others					
Term loans from others 1	Repayable in 60 monthly installments	60 months	April 22, 2017	-	370.77
Term loans from others 2	Repayable in 48 monthly installments	48 month	February 11, 2018	520.96	1,146.13
Term loans from others 3	Repayable in 48 monthly installments	48 months	January 29, 2019	-	989.11
Term loans from others 4	Repayable in 36 monthly installments	36 months	March 20, 2019	-	310.95
Term loans from others 5	Repayable in 60 monthly installments	60 months	April 27, 2019	-	333.47
Term loans from others 6	Repayable in 42 monthly installments	48 months	April 30, 2019	142.89	428.68
Term loans from others 7	Repayable in 60 monthly installments	60 months	May 1, 2019	487.85	688.59
Term loans from others 8	Repayable in 20 quarterly installments	60 months	September 1, 2019	606.39	879.00
Term loans from others 9	Repayable in 36 monthly installments	36 months	January 22, 2020	281.27	622.44
Term loans from others 10	Repayable in 36 monthly installments	36 months	February 22, 2020	933.57	1,948.07
Term loans from others 11	Repayable in 20 quarterly installments	60 months	February 29, 2020	-	1,125.33

₹ in Lakhs

Particulars	Repayment terms	Tenor	Earliest installment date	As at March 31, 2022	As at March 31, 2021
Term loans from others 12	Repayable in 48 monthly installments	48 months	March 5, 2020	376.29	573.01
Term loans from others 13	Repayable in 36 monthly installments	36 month	May 27, 2020	-	1,818.08
Term loans from others 14	Repayable in 8 monthly installments	10 months	September 10, 2020	-	502.42
Term loans from others 15	Repayable in 36 monthly installments	36 months	January 20, 2021	2,926.02	4,597.97
Term loans from others 16	Repayable in 36 monthly installments	36 months	January 31, 2021	1,750.41	2,750.69
Term loans from others 17	Repayable in 3 annual installments	36 months	February 1, 2021	1,250.00	1,875.00
Term loans from others 18	Repayable in 30 monthly installments	32 months	February 3, 2021	2,125.56	3,790.83
Term loans from others 19	Repayable in 16 quarterly installments	48 months	April 1, 2021	1,500.00	2,005.14
Term loans from others 20	Repayable in 36 monthly installments	36 months	April 30, 2021	1,260.76	1,800.00
Term loans from others 21	Repayable in 16 quarterly installments	48 months	June 1, 2021	1,889.69	2,500.00
				16,051.65	**31,055.67**

All the above loans are secured by an exclusive first charge on book debts with security cover ranging from 1.10 to 1.20 times of the outstanding amount at any point in time
As at March 31, 2022, the rate of interest across term loans from others was in the range of 9.50% p.a to 11.75% p.a (March 31, 2021- 6.32% p.a to 11.75% p.a)

Particulars	Repayment terms	Tenor	Earliest installment date	As at March 31, 2022	As at March 31, 2021
Borrowings Under Securitization					
Borrowings Under Securitization 1	Repayable in 33 monthly installments	35 months	August 16, 2019	-	2,022.31
Borrowings Under Securitization 2	Repayable in 59 monthly installments	59 months	September 17, 2019	2,170.97	4,706.73
Borrowings Under Securitization 3	Repayable in 64 monthly installments	65 months	February 17, 2020	3,392.64	8,243.35
Borrowings Under Securitization 4	Repayable in 40 monthly installments	40 months	March 21, 2020	778.51	3,150.43
Borrowings Under Securitization 5	Repayable in 60 monthly installments	60 months	May 15, 2020	4,355.36	6,958.17
Borrowings Under Securitization 6	Repayable in 60 monthly installments	60 months	July 15, 2020	4,375.66	7,121.09
Borrowings Under Securitization 7	Repayable in 65 monthly installments	65 months	August 14, 2020	3,831.51	6,423.15
Borrowings Under Securitization 8	Repayable in 55 monthly installments	55 months	November 20, 2020	4,654.53	7,174.06
Borrowings Under Securitization 9	Repayable in 59 monthly installments	60 months	January 16, 2021	2,321.17	3,946.03

₹ in Lakhs

Particulars	Repayment terms	Tenor	Earliest installment date	As at March 31, 2022	As at March 31, 2021
Borrowings Under Securitization 10	Repayable in 48 monthly installments	48 months	January 15, 2021	1,303.06	2,225.94
Borrowings Under Securitization 11	Repayable in 60 monthly installments	61 months	February 21, 2021	9,966.88	13,944.04
Borrowings Under Securitization 12	Repayable in 61 monthly installments	61 months	February 18, 2021	2,027.59	3,307.86
Borrowings Under Securitization 13	Repayable in 57 monthly installments	57 months	April 21, 2021	4,966.12	6,815.79
Borrowings Under Securitization 14	Repayable in 53 monthly installments	53 months	April 16, 2021	5,572.66	8,244.01
				49,716.69	**84,282.94**

*Refer Note No 47-AB, 47-AC for security and credit enhancement details pertaining to borrowings from securitisation arrangements.
As at March 31, 2022, the rate of interest across loans from Securitisation was in the range of 8.55% p.a to 11.00% p.a (March 31, 2021- 9.00% p.a to 11.00% p.a)

Term loans from others parties (unsecured) - (External Commercial Borrowing)

External Commercial Borrowing-1	Repayable in 5 Half yearly installments	60 months	March 31, 2025	7,584.45	-
				7,584.45	**-**

As at March 31, 2022, the rate of interest on External Commercial Borrowing was 4.20% p.a (March 31, 2021- Nil p.a)

₹ in Lakhs

Particulars	As at March 31, 2022	As at March 31, 2021
17. Borrowings (other than debt securities) (refer note 16.1)		
At amortised cost		
Term loans (secured)		
From banks	81,817.77	97,971.50
From other financial institutions	16,051.65	31,055.67
Borrowings under Securitisation (secured)	49,716.69	84,282.94
Loans repayable on demand (secured)		
From banks	765.61	196.60
Term loans from others parties (unsecured)		
External Commercial Borrowings	7,584.45	-
	155,936.16	**213,506.71**
Less: Unamortised processing fee	(906.41)	(1,365.59)
	155,029.75	**212,141.12**
Borrowings in India	148,351.71	2,13,506.71
Borrowings outside India	7,584.45	-
	155,936.16	**213,506.71**

Loans repayable on demand includes on cash credit and working capital demand loans from banks which are secured by specific charge on identified receivables. As at 31 March 2022, the rate of interest across the cash credit and working capital demand loans was in the range of 7.95% p.a to 11.00% p.a (March 31, 2021 - 9.25% p.a to 11.45% p.a)

The Company has not defaulted in the repayment of the borrowings (including debt securities) and was regular in repayments during the year

Debt Securities and borrowings other than debt securities aggregating to INR 77,228.37 lakhs (March 31, 2021-INR 1,22,645.68 lakhs) has been guaranteed by the promoter, Mr. D Lakshmipathy.

The Company has not defaulted in the repayment of borrowings and interest during any of the years presented

The Company has used the borrowings from banks and financial institutions for the specified purpose as per agreement with the lender.

The quarterly returns/statements of current assets filed by the Company with banks or financial institutions in relation to secured borrowings wherever applicable, are in agreement with the books of accounts.

Particulars	As at March 31, 2022	As at March 31, 2021
18. Other financial liabilities		
Unpaid dividends	2.58	3.96
Lease liability	2,113.32	1,529.37
Employee related payables	1,895.32	-
Others*	135.62	183.68
Total	**4,146.84**	**1,717.01**

*Others include unspent corporate social responsibility fund amounting to INR 100.00 lakhs (March 31, 2021 :INR 150.00 lakhs)

₹ in Lakhs

Particulars	As at March 31, 2022	As at March 31, 2021
19. Provisions		
Provision for employee benefits		
Provision for gratuity	339.64	254.78
Provision for compensated absences	560.39	465.02
	900.03	**719.80**
20. Other non-financial liabilities		
Statutory dues payable	902.23	487.39
Employee related payables	-	1232.88
	902.23	**1,720.27**
21. Equity share capital		
Authorised		
550,00,000 shares of INR 1 each (March 31, 2021 - 55,000,000) of INR 10 each	5,500.00	5,500.00
Issued, subscribed and paid up		
291,343,120 shares of INR 1 each fully paid up (March 31, 2021 - 25,473,144) of INR 10 each fully paid up	2,913.43	2,547.31
Nil shares (March 31, 2021 - 17,175,970) of INR 1 each (partly paid up - INR 0.1 each paid up)	-	17.18

Note: During the year ended March 31, 2022, the Board of Directors of the Company in its meeting held on September 8, 2021 and shareholders in the Extraordinary General Meeting held on October 8, 2021 approved the sub-division of shares from ₹ 10 per share to ₹ 1 per share. Also refer note-39.

Reconciliation of equity shares outstanding at the beginning and at the end of the reporting year

	As at March 31, 2022		As at March 31, 2021	
	Number of shares	Amount in Lakhs of INR	Number of shares	Amount in Lakhs of INR
As at beginning of the year	27,190,741	2,564.49	27,127,891	2,558.21
Additional shares pursuant to share split issued during the year	244,716,669	-	-	-
Equity Shares issued in exercise of employee stock options	1,718,000	17.18	62,850	6.29
Equity Shares issued	17,717,710	177.18	-	-
Receipt of pending call money on partly paid up equity shares	-	154.58	-	-
As at the end of the year	**291,343,120**	**2,913.43**	**27,190,741**	**2,564.49**

Terms/rights attached to Equity Shares:

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

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

Equity Shares reserverd 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 42.

Promoter Holdings**

As at March 31, 2022						
Name of Promoter	Number of Shares at the begning of the period	Additional shares pursuant to share split issued during the year	Movement during the period	Numbers of Shares at the end of the period	% of Total Shares	% of Change during the period
Fully paid up shares						
(i) D. Lakshmipathy	2,185,771	19,671,939	14,179,740	36,037,450	12.37%	648.73%
(ii) L. Hema	2,089,060	18,801,540	-	20,890,600	7.17%	-
(iii) L. Shritha	20,000	180,000	-	200,000	0.07%	-
(iv) Matrix Partners India Investment Holding II LLC	4,100,999	36,908,991	-	41,009,990	14.08%	-
(v) SCI Investments V	2,569,650	23,126,850	-	25,696,500	8.82%	-
Sub-Total	**10,965,480**	**98,689,320**	**14,179,740**	**123,834,540**	**42.50%**	**129.31%**
Partly paid up shares						
(i) D. Lakshmipathy	15,250,000	-	(15,250,000)	-	-	(100.00%)
Sub-Total	**15,250,000**	**-**	**(15,250,000)**	**-**	**-**	**(100.00%)**
Grand Total	**26,215,480**	**98,689,320**	**(1,070,260)**	**123,834,540**	**42.50%**	**(4.08%)**

The Board of Directors of the Company, pursuant to their resolution dated October 21, 2021 have taken on record, that D. Lakshmipathy, L.Hema, L.Shritha, Matrix Partners India Investment Holdings II, LLC and SCI Investments V be identified as the promoters of the Company for the purposes of its proposed initial public offering of its equity shares and for all other purposes, regulatory, statutory or otherwise.

As at March 31, 2021					
Name of Promoter	Number of Shares at the begning of the period	Movement during the period	Numbers of Shares at the end of the period	% of Total Shares	% of Change during the period
Fully paid up shares					
(i) D. Lakshmipathy	2,185,771	-	2,185,771	8.04%	-
(ii) L. Hema	2,089,060	-	2,089,060	7.68%	-
(iii) L. Shritha	20,000	-	20,000	0.07%	-
(iv) R.Deenadayalan	163,200	-	163,200	0.60%	-
(v) D.Varalakshmi	44,770	-	44,770	0.16%	-
Sub-Total	**4,502,801**	**-**	**4,502,801**	**16.56%**	**-**

As at March 31, 2021					
Name of Promoter	Number of Shares at the begning of the period	Movement during the period	Numbers of Shares at the end of the period	% of Total Shares	% of Change during the period
Partly paid up shares					
(i) D. Lakshmipathy	1,525,000	-	(1,525,000)	5.61%	-
Sub-Total	**1,525,000**	**-**	**(1,525,000)**	**5.61%**	**-**
Grand Total	**6,027,801**	**-**	**6,027,801**	**22.17%**	**-**

Note: **Promoter means Promoter as defined in Companies Act 2013

The determination /identification of promoters for the purpose of presentation under this disclosure has been done on the basis of information available with the company which has been solely relied upon by the auditors.

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

Name of shareholder	As at March 31, 2022		As at March 31, 2021	
	Number of shares	% of total shares in class	Number of shares	% of total shares in class
TPG Asia VII SF Pte. Ltd.	61,106,730	20.97%	6,110,673	22.47%
Matrix Partners India Investment Holdings II, LLC	41,009,990	14.08%	4,100,999	15.08%
D. Lakshmipathy	36,037,450	12.37%	3,710,771	13.65%
NHPEA Chocolate Holding B.V	-	-	3,598,051	13.23%
Norwest Venture Partners X - Mauritius	29,748,060	10.21%	2,569,650	9.45%
SCI Investments V	25,696,500	8.82%	2,569,650	9.45%
L. Hema	2,08,90,600	7.17%	2,089,060	7.68%
Sirius II Pte Ltd	17,593,990	6.04%	-	0.00%

Note: The above disclosures given in Note 21 with respect to number of shares are based on face value of INR 1. During the Period, the Company has approved the sub-division of each equity share of face value of INR 10 each fully paid up into 10 equity shares of face value of INR 1 each fully paid up.

₹ in Lakhs

Particulars	As at March 31, 2022	As at March 31, 2021
22. Other Equity		
Statutory reserve	27,112.60	18,041.71
Share options outstanding account	3,405.80	1,795.27
Securities premium	231,361.87	139,234.46
General reserve	719.60	719.60
Retained earnings	105,616.78	69,461.69
Cash Flow Hedge Reserve	(94.98)	-
	368,121.67	**229,252.73**

₹ in Lakhs

Particulars	As at March 31, 2022	As at March 31, 2021
i. Statutory reserve		
Opening balance	18,041.71	10,861.82
Amount transferred from surplus in the statement of profit and loss	9,070.89	7,179.89
Closing balance	**27,112.60**	**18,041.71**

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 9,070.89 lakhs (March 31, 2021: INR 7,179.89 lakhs), out of the profit after tax for the year ended March 31, 2022 to Statutory Reserve.

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 erstwhile 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 was 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	1,795.27	428.30
Share based payment expense	3,544.18	1,509.39
Less : Transfer to securities premium	1,933.65	142.42
Closing balance	**3,405.80**	**1,795.27**

The amount represents reserve created to the extent of granted options based on the Employees Stock Option Schemes. Under Ind AS 102, fair value of the options granted is to be expensed out over the life of the vesting period as employee compensation costs reflecting period of receipt of service. Also refer note 42.

iii. Securities premium		
Opening balance	139,234.46	139,069.20
Premium on shares issued during the period	92,297.51	165.26
Less : Utilised during the year for share issue expenses	(170.10)	-
Closing balance	**2,31,361.87**	**139,234.46**

Securities premium is used to record the premium received on issue of shares. The Reserve can be utilised only for limited purposses in accordance with the provisions of the Companies Act, 2013. During the year ended March 31, 2022, Securities premium was utilised to the extent of INR 170.10 lakhs towards share expenses, in line with Section 52 of the Companies Act, 2013.

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

General reserve is a free reserve which can be utilised for any purpose as may be required.

₹ in Lakhs

Particulars	As at March 31, 2022	As at March 31, 2021
v. Retained earnings		
Opening balance	69,461.69	40,820.92
Profit for the year	45,354.45	35,899.44
Less: Transfer to Statutory reserve	9,070.89	7,179.89
Re-measurements of defined benefit plan	(128.43)	(78.78)
Closing balance	**105,616.78**	**69,461.69**

Retained earnings are the profits/(loss) that the Company has earned/incurred till date, less any transfers to general reserve, dividends or other distributions paid to shareholders. Retained earnings is a free reserve available to the Company and eligible for distribution to shareholders, in case where it is having positive balance representing net earnings till date. The amount that can be distributed by the Company as dividends to its Equity Shareholders is determined based on the financial statements of the Company and also considering the requirements of the Companies Act, 2013 and the Regulations of Reserve Bank of India.

vi. Cash flow Hedge Reserve		
Opening balance	-	-
Additions	(94.98)	-
Closing balance	**(94.98)**	**-**

Cash flow hedge reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of hedging instruments entered into for cash flow hedges, which shall be reclassified to profit or loss only when the hedged transaction affects the profit or loss, or included as a basis adjustment to the non-financial hedged item, consistent with the Company accounting policies.

₹ in Lakhs

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
23. Interest income		
(On financial assets measured at amortised cost)		
Interest on loans	117,051.64	99,550.11
Interest on deposits with banks	2,703.35	1,937.47
Interest on Investment in Government Securities	621.56	-
	1,20,376.55	**101,487.58**
24. Fee income		
Legal and inspection fees	2,562.31	1,894.14
Others charges*	377.29	273.47
	2939.60	**2,167.61**

Note: * Comprises of charges collected from the customers in the nature of Document storage charges, Cheque dishonour charges and other charges as applicable.

All services that generate revenue from contract with Customers are rendered at a point in time and are rendered in India

₹ in Lakhs

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
25. 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	2,090.21	1,319.03
	2,090.21	**1,319.03**
Fair value changes		
Realised	2,090.21	1,319.03
Unrealised	-	-
	2,090.21	**1,319.03**
26. Other Income		
Recovery of bad debts	185.84	86.88
Other non-operating income	24.72	64.37
	210.56	**151.25**
27. Finance costs		
(On financial liabilities measured at amortised cost)		
Interest on borrowings		
- term loans from banks	7,807.55	8,859.34
- cash credits and overdraft	16.04	9.30
- term loans from others*	9,180.85	7,969.18
Interest on debt securities	12,735.93	15,501.75
Interest on lease liability	219.97	179.55
Other borrowing costs	99.65	-
	30,060.00	**32,519.12**

*Includes interest of INR 6,361.38 lakhs (March 31, 2021 - INR 5,326.45 lakhs) pertaining to borrowings from securitisation arrangements.

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
28. Fees expenses		
Amortisation of ancillary costs relating to borrowings	-	266.83
	-	**266.83**
29. Impairment on financial instruments		
(On financial assets measured at amortised cost)		
Impairment loss allowance on loans*	4,551.81	3,517.57
	4,551.81	**3,517.57**

* Includes write-off of INR 2926.39 lakhs (March 31, 2021 - INR 996.83 lakhs)

₹ in Lakhs

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
30. Employee benefits expenses		
Salaries, wages and bonus	17,854.07	13,376.13
Contribution to provident and other funds	1,396.01	1,080.50
Employee stock option expenses (Refer Note 42)	3,544.18	1,509.39
Staff welfare expenses	817.26	405.76
	23,611.52	**16,371.78**
31. Depreciation and amortization		
Depreciation on property, plant and equipment (Refer Note 12)	476.43	531.25
Amortisation of intangible assets (Refer Note 13)	116.91	52.81
Depreciation on right of use asset (Refer Note 38)	631.13	554.33
	1,224.47	**1,138.39**
32. Other expenses		
Rent	52.86	40.77
Rates and taxes	42.30	111.34
Electricity expenses	97.33	92.55
Repairs and maintenance	348.28	259.89
Communication costs	620.96	443.73
Printing and stationery	294.16	238.27
Advertisement and publicity	7.47	3.23
Directors fees, allowances and expenses	77.50	14.43
Auditor's fees and expenses (Refer note 32.1)	149.48	51.46
Legal and professional charges	1,528.71	1,183.11
Insurance	16.96	13.33
Corporate social responsibility expenses (Refer note 32.2)	699.70	428.64
Travel expenses	226.01	45.47
Information technology expenses	1,100.94	568.43
Loss on sale of property, plant and equipment	1.32	2.32
Bank charges	181.27	140.80
Collection/Recovery costs	279.18	-
Miscellaneous expenses	23.78	29.93
	5,748.21	**3,667.70**
32.1. Payments to auditors (Refer Note)		
Statutory audit including limited review	140.76	41.42
Tax audit	2.18	2.18
Other services	6.54	5.45
Reimbursement of expenses	-	2.41
	149.48	**51.46**

Note:

1. Payment to auditors towards statutory audit including limited review above includes INR.40.48 lakhs paid to predecessor auditors during financial year 2021-2022.

₹ in Lakhs

Particulars	Year ended March 31, 2022	Year ended March 31, 2021

2.Excludes remuneration to predecessor auditor during FY 2021-22 for services in connection with proposed initial public offer of equity shares of the Company, which is included under other receivables

32.2. Details of expenditure on corporate social responsibility ("CSR")

(a) Amount required to be spent by the Company during the period/year	699.43	428.64
(b) Amount of expenditure incurred during the period/year	699.70	278.64
(c) Shortfall at the end of the period/year	-	150.00
(d) Total of previous years shortfall**	100.00	NA
(e) Reason for shortfall	NA	*
(f) Nature of CSR activities	Contribution towards projects in the domain of education and healthcare	Contribution to government relief funds and funds expended towards projects in the domain of education and healthcare
(g) Details of related party transactions	NIL	NIL

* The reason for shortfall in CSR exepnditure is on account of the fact that the management was in the process of identifying suitable projects and programme which can be identified which would compliment the businessess of the company. Auditors have relied on the reasoning provided by the management

** Against the shortall of INR 100 lakhs for the year ended March 31, 2021, the company pursuant to the approval of the board at it's meeting held on March 22, 2021, has earmarked INR 100 lakhs to be spent on an ongoing project towards welfare of education, under section 135 of the Companies Act 2013

33. A. Income tax

i. Current tax		
In respect of current year	15,959.12	12,557.29
In respect of prior years	-	36.83
	15,959.12	**12,594.12**
ii. Deferred tax		
Attributable to–		
Origination and reversal of temporary differences	(892.66)	(849.48)
	(892.66)	**(849.48)**
Tax expense (i)+(ii)	**15,066.46**	**11,744.64**

33.1. Deferred tax related to Items recognized in OCI during the Year

Tax impact on Re-measurements of the defined benefit plan	43.20	26.49
Tax impact due to Cash Flow hedge reserve	31.94	-
Deferred tax charged to OCI	**75.14**	**26.49**

₹ in Lakhs

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
33.2. Reconciliation of total tax expense		
Profit before tax	60,420.91	47,644.08
Applicable tax rate	25.17%	25.17%
Computed tax expense	**15,206.73**	**11,991.06**
Tax effect of :		
Permanent differences		
Deduction u/s 80JJAA of the Income Tax Act, 1961	(288.67)	(362.55)
Disallowance related to CSR expenditure	176.10	108.34
Others	(27.71)	7.79
Income tax expense recognised in statement of profit and loss	**15,066.46**	**11,744.64**
(Pertaining to current year)		
Effective tax rate	24.94%	24.65%
34. Commitments		
Estimated amount of contracts remaining to be executed on capital account (net of capital advances) and not provided for	162.53	5.98
35. Contingent liabilities		
Claims against the Company not acknowledged as debt		
- Income tax related matters (excluding penalties and interest)	6.74	6.74

36. 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	-	-

₹ in Lakhs

Particulars	As at March 31, 2022	As at March 31, 2021
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.		

37. Deferred tax assets / (liability):

In relation to :		
Difference between written down value of fixed assets as per books of accounts and income tax	197.28	134.10
Employee Benefits	640.62	448.51
Cash flow hedge reserve	31.94	-
Impairment allowance	2,277.89	1,987.18
Impact of Effective interest rate adjustment on Financial Assets	1,829.81	1,679.02
Impact of Effective interest rate adjustment on Financial liabilities	(338.92)	(573.29)
Recognition of lease liability and right to use asset	28.12	23.42
	4,666.74	**3,698.94**

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

₹ in Lakhs

Particulars	Opening Balance	Recognised in profit of loss	Recognised in other comprehensive income	Closing Balance
For the year ended 31 March, 2022 :				
Difference between written down value of fixed assets as per books of accounts and income tax	134.10	63.18	-	197.28
Employee Benefits	448.51	148.91	43.20	640.62
Cash flow hedge reserve	-	-	31.94	31.94
Impairment allowance (Including Write-Off)	1,987.18	290.71	-	2,277.89
Unamortised processing fee income	1,679.02	150.79	-	1,829.81
Unamortised processing fee expenses	(573.29)	234.37	-	(338.92)
Recognition of lease liability and right to use asset	23.42	4.70	-	28.12
	3,698.94	**892.66**	**75.14**	**4,666.74**

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

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

₹ in Lakhs

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
38. Leases		

The Company has taken office premises on lease for its operations. The Company's obligations under its leases are secured by the lessor's title to the leased assets. The Company also has certain leases with lease terms of 12 months or less. The Company applies the 'short-term lease' recognition exemptions for these leases.

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

i). Movement in carrying value of right of use assets		
Opening Balance	**1,452.63**	**1488.00**
Additions during the year	1,263.90	683.29
Depreciation	(631.13)	554.33
Derecognition on termination of leases	(107.30)	(164.33)
Closing Balance	**1,978.10**	**1,452.63**
ii). Movement in lease liabilities		
Opening Balance	**1,529.36**	**1,555.33**
Additions during the year	1,272.73	681.94
Interest on lease liabilities	219.97	179.55
Rent payments	(779.72)	(680.80)
Derecognition on termination of leases	(129.02)	(206.66)
Closing Balance	**2,113.32**	**1,529.36**
iii). Amounts recognised in statement of profit and loss		
Rent expense on short term leases	52.86	40.77
Interest on lease liabilities	219.97	179.55
Depreciation on Right of use asset	631.13	554.33
Gain recognised on derecognition of leases	(21.73)	(42.32)
Rent concession related to COVID-19	-	(19.08)

₹ in Lakhs

Particulars	As at March 31, 2022	As at March 31, 2021
iv). Future lease commitments		
Future undiscounted lease payments to which leases is not yet commenced	41.14	88.28
v). Cash flows		
Total cash outflow for leases	832.58	721.57
vi). Maturity analysis of undiscounted lease liabilities		
Not later than one year	805.60	608.44
Later than one year and not later than five years	1,554.89	1,156.01
Later than five years	191.88	128.13

Lease liabilities are recognised at weighted average incremental borrowing rate ranging from 8.50% to 12.50%

₹ in Lakhs

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
39. Earnings per share		
Profit after tax	45,354.45	35,899.44
Weighted Average Number of Equity Shares in calculation of basic earnings per share	281,898,756	256,181,767
Dilution on account of ESOP and partly paid up shares	3,029,537	7,667,340
Weighted Average Number of Equity Shares in calculation of diluted earnings per share	284,928,293	263,849,107
Basic earnings per share	16.09	14.01
Diluted earnings per share	15.92	13.61

During the year ended March 31, 2022, the Board of Directors of the Company in its meeting held on September 8, 2021 and shareholders in the Extraordinary General Meeting held on October 8, 2021 approved the sub-division of shares from ₹ 10 per share to ₹ 1 per share. The number of shares used for the calculation of earnings per share, and the earnings per share in the above note (including that in the comparative periods), have been adjusted for pursuant to Paragraph 64 of Ind AS 33 - "Earnings Per Share", prescribed under Section 133 of the Companies Act, 2013.

40. 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 Chairman and Managing Director ('MD') to make decisions about resources to be allocated to the segments and assess their performance. The MD is considered to be the Chief Operating Decision Maker ('CODM') within the purview of Ind AS 108 Operating Segments.

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

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

41. Employee benefits - post employment benefit plans

A. Defined contribution plans

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 889.79 lakhs (year ended March 31, 2021 - INR 672.19 lakhs) for provident fund contributions, and INR 245.20 lakhs (year ended March 31, 2021 - INR 204.48 lakhs) for employee state insurance scheme contributions in the statement of profit and loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

B. Defined benefit plans

Gratuity

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

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

Actuarial risk: It is the risk that benefits will cost more than expected. This can arise due to one of the following reasons: Adverse salary growth experience: Salary hikes that are higher than the assumed salary escalation will result into an increase in obligation at a rate that is higher than expected.

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

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

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

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

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

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

Funding

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

₹ in Lakhs

Particulars	As at March 31, 2022	As at March 31, 2021
Reconciliation of net defined benefit (asset) liability		
The following table shows a reconciliation from the opening balances to the closing balances for the net defined benefit asset (liability) and its components.		
Present value of obligations	1,246.93	811.61
Fair value of plan assets	(907.29)	(556.83)
Asset/ (Liability) recognised in the balance sheet	**(339.64)**	**(254.78)**
Reconciliation of present value of defined benefit obligation		
Balance at the beginning of the year	811.61	501.04
Benefits paid	(39.47)	(20.91)
Current service cost	253.35	195.97
Interest cost	43.24	28.50
Actuarial (gain)/loss recognized in other comprehensive income		
changes in demographic assumptions	-	-
changes in financial assumptions	(24.43)	14.74
experience adjustments	202.63	92.27
Balance at the year end	**1,246.93**	**811.61**
Expense recognized in profit or loss		
Current service cost	253.35	195.97
Net Interest cost	4.50	5.66
	257.85	**201.63**
Remeasurements recognized in other comprehensive income		
Actuarial (gain) loss on defined benefit obligation	178.21	107.01
Return on plan assets excluding interest income	(6.58)	(1.74)
	171.63	**105.27**
Changes in the fair value of plan assets		
Fair value of plan assets as at the beginning of the period	556.83	253.94
Expected return on plan assets	38.73	22.84
Contributions	344.62	299.22
Direct Contributions towards direct benefit payments	-	-
Benefits paid and Charges deducted from the fund	(39.47)	(20.91)
Direct Benefit Payments	-	-
Actuarial gain/(loss) on plan assets	6.58	1.74
Fair value of plan assets as at the end of the period	**907.29**	**556.83**
Net defined benefit (assets)/liability	**339.64**	**254.78**
Actuarial assumptions		
Discount rate	5.85%	5.46%
Future salary growth	15.00%	15.00%
Attrition rate	25.00%	25.00%

₹ in Lakhs

Particulars	As at March 31, 2022	As at March 31, 2021
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	(58.71)	(40.84)
-1% decrease	64.51	45.01
Attrition rate		
-1% increase	30.14	23.26
-1% decrease	(32.52)	(25.12)
Future salary growth		
-1% increase	(60.29)	(41.65)
-1% decrease	56.64	38.92

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

Additional Disclosures required under Ind AS 19		
Average Duration of Defined Benefit Obligations (in Years)	5.70	6.05
Projected undiscounted expected benefit outgo (mid year cash flows)		
Year 1	149.42	80.33
Year 2	182.02	97.90
Year 3	198.28	115.37
Year 4	172.51	129.71
Year 5	156.24	108.69
Next 5 Years	507.39	340.89
Expected benefit payments for the next annual reporting year	149.42	80.33

42. Share Based Payments

A. Description of schemes

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

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

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

₹ in Lakhs

Particulars	As at March 31, 2022		As at March 31, 2021	
	Weighted average exercise price per option	Number of options	Weighted average exercise price per option	Number of options
i. Reconciliation of outstanding share options				
Outstanding at beginning of year	56.99	469,300	121.63	160,150
Addition in number of options on account of share split*	-	4,223,700	-	-
Forfeited during the year	114.96	204,000	-	-
Exercised during the year	44.53	1,718,000	46.31	62,850
Granted during the year	76.12	1,137,000	674.40	372,000
Outstanding as at end of year	65.01	3,908,000	569.88	469,300
Exercisable at March 31	**67.44**	**2,000**	**130.00**	**48,000**

The weighted average share price at the date of exercise of options exercised during the year ended ended March 31, 2022 is INR 375.49 per share (March 31, 2021 : INR 150.12 per share)

During the year ended March 31, 2022, the Board of Directors of the Company in its meeting held on September 8, 2021 and shareholders in the Extraordinary General Meeting held on October 8, 2021 approved the sub-division of shares from ₹ 10 per share to ₹ 1 per share. Also refer note:39

₹ in Lakhs

Particulars	As at March 31, 2022	As at March 31, 2021
For the options outstanding at the end of the year:		
Weighted average remaining contractual life (in years)	6.63	6.61
Range of exercise prices (INR)	1-236.44	10-674.40
ii. Expense recognised in the statement of profit and loss		
Total Expense	3,544.18	1,509.39

iii. Measurement of fair values

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

Share price on Grant date (INR)	351.80-385.49	1,466.24-2,187.24
Weighted average share price (INR)	351.80-385.49	1,466.24-2,187.24
Exercise price (INR)	1-236.44	674.4
Fair value of options at grant date (INR)	212.56-384.82	932.13-1,755.59
Expected volatility	37.67%-47.78%	34.42% - 38.28%
Option term	3.54-7.54 years	3.54-7.54 years
Expected dividends	Nil	Nil
Risk free interest rate	5.30%-5.40%	5.30%-5.40%

The above disclosure for March 31, 2022 is after considering the subdivision of shares from ₹ 10 per share to ₹ 1 per share. Also Refer note 39.

43. Related party disclosures

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

Key Management Personnel :

D. Lakshmipathy, Chairman and Managing Director

K.Rangarajan, Chief Executive Officer

G. Srikanth, Chief Financial Officer upto May 31, 2021; Chief - Strategy and Finance from June 1, 2021 to March 19, 2022 and Chief Financial Officer from March 20, 2022

Roopa Sampath Kumar, Chief Financial Officer (from June 1, 2021 to March 19 2022)

B. Shalini, Company Secretary

Director and relative of Key Management Personnel / Director

Hema Lakshmipathy, wife of Lakshmipathy Deenadayalan

Shritha Lakshmipathy, Daughter of Lakshmipathy Deenadayalan

Bhama Krishnamurthy, Independent Director

B. Haribabu, Independent Director (upto October 20, 2021)

A. Ramanathan, Independent Director

L.R. Ravi Prasad, Non-executive Director (upto October 20, 2021)

T.T. Srinivasaraghavan, Independent Director (from August 25, 2021)

V. Thirulokchand, Non-executive Director

R Anand, Independent Director

Vikram Vaidyanathan, Non-Executive Director

G V Ravishankar, Non-Executive Director

Entities with Significant Influence over the Company

TPG Asia VII SF Pte. Ltd.

Matrix Partners India Investment Holding II LLC

SCI Investments V

₹ in Lakhs

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
b. Key management personnel (KMP) compensation		
Short-term employee benefits		
D. Lakshmipathy	631.66	501.93
K.Rangarajan	235.60	192.15
G.Srikanth	135.08	111.90
Roopa Sampath Kumar	96.10	-
B.Shalini	11.32	8.16
Post employment benefits		
D. Lakshmipathy	0.22	0.22
K.Rangarajan	0.22	0.22
G.Srikanth	0.22	0.22
Roopa Sampath Kumar	0.20	-
B.Shalini	0.22	0.22

₹ in Lakhs

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Share based payments		
K.Rangarajan	2,332.49	969.57
G.Srikanth	624.12	328.32
B.Shalini	14.72	-
Directors sitting fees		
R Anand	9.80	6.15
Bhama Krishnamurthy	9.40	6.15
B. Haribabu	4.60	4.95
A. Ramanathan	9.40	5.55
L.R Ravi Prasad	4.60	4.45
V. Thirulokchand	5.00	4.50
T.T. Srinivasaraghavan	4.30	-

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

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

c. Details of related party transactions		
Nature of transaction		
Issue of equity shares		
D. Lakshmipathy	30.00	-
K.Rangarajan	6.75	15.64
G. Srikanth	2.50	2.95
Receipt of pending call money of partly paid up shares		
D. Lakshmipathy	137.25	-
K.Rangarajan	5.76	-
G. Srikanth	4.03	-
Receipt of securities premium		
D. Lakshmipathy	35,681.78	-
K.Rangarajan	1,266.62	-
G.Srikanth	721.91	-

*excludes transfer from Share Based Payment reserve to Securities Premium on exercise of employee stock options

Personal Guarantee received for Borrowings		
D. Lakshmipathy	9,217.18	55,402.99
Balances as at Year Ended 31st March 2022:		
Employee Benefits Payable		
D. Lakshmipathy	125.96	106.75
K.Rangarajan	40.92	33.55
G.Srikanth	12.86	11.42

₹ in Lakhs

Particulars	As at March 31, 2022	As at March 31, 2021
Director Commission Payable		
R Anand	3.60	2.78
Bhama Krishnamurthy	3.60	2.78
B. Haribabu	1.80	2.78
A. Ramanathan	3.60	2.78
L.R Ravi Prasad	1.80	2.78
V. Thirulokchand	3.60	2.78
T.T. Srinivasaraghavan	3.60	-

In addition to the above note, the Debt Securities and borrowings other than debt securities aggregating to INR 77,228.40 lakhs has been guaranteed by the promoter, Mr. D Lakshmipathy.

44. 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 capital management objective is to ensure that the Company complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value.

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

i. Net Debt to Equity Ratio

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

Equity	371,035.10	231,817.22
Debt Securities	100,853.38	130,378.55
Borrowings other than Debt Securities	155,029.75	212,141.12
Cash and Cash equivalents	61,316.28	126,718.28
Net Debt	**194,566.85**	**215,801.39**
Net Debt to Equity Ratio	**0.52**	**0.93**

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.

₹ in Lakhs

Particulars	As at March 31, 2022	As at March 31, 2021
Tier I Capital	3,35,814.66	1,96,690.03
Tier II Capital	-	-
Total Capital	**3,35,814.66**	**1,96,690.03**
Total Risk Weighted Assets	**4,46,586.18**	**3,34,165.86**
Capital Ratios		
CRAR - Tier I Capital%	75.20	58.86
CRAR - Tier I Capital%	-	-
CRAR%	**75.20**	**58.86**
Amount of subordinated debt raised as Tier-II capital	-	-

Tier I capital comprises of shareholders' equity and retained earnings. Tier II Capital comprises of general provision and loss reserves (12 month expected credit losses). Credit enhancement relating to securitisation transactions have been adjusted against Tier I and Tier II capital in accordance with RBI circular DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020. Tier 1 and Tier II capital have been reported on the basis of Ind AS financial statements. Risk weighted assets represents the weighted sum of company's credit exposures based on their risk as prescribed by RBI guidelines.

45. Fair Value Measurement

Fair Value Hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair value disclosures are provided in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standards.

The Following methodologies and and assumptions were used to estimate the fair values of the financial assets or liabilities

i) The fair value of loans have estimated by discounting expected future cash flows using discount rate equal to the rate near to the reporting date of the comparable product

ii) The fair value of Debt securities, Borrowings other than Debt securities and subordinated liabilities have estimated by discounting expected future cash flows discounting rates.

iii) The fair values of Debt Securities and Borrowings other than Debt securities are estimated by discounted cash flow models that incorporate interest cost estimates considering all significant characteristics of the borrowing. They are classified as Level 3 fair values in the fair value hierarchy due to the use of unobservable inputs

iv) The fair value of investment in Government securities are derived from rate equal to the rate near to the reporting date of the comparable product.

v) The fair value of Derivatives are determined using inputs that are directly or indirectly observable in market place.

Fair Value of financial instruments recognised and measured at fair value

₹ in Lakhs

Particulars	Level 1	Level 2	Level 3	Total
Financial liabilities:				
Derivative Financial Instruments	-	138.92	-	138.92

For all 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 value, except as stated below. Such estimation is determined based on inputs where one or more unobservable input is significant to the measurement of the instrument as a whole (level 3), except for cash and cash equivalents, bank balances other than cash and cash equivalents and investments where such estimation is determined based on unadjusted quoted prices from active markets for identical assets (level 1). The fair value of investment, Loans, debt securities and borrowings other than debt securities for FY 22 amounted to INR 24,546.47 lakhs, INR 5,17,539.33 lakhs, INR 1,06,291.77 lakhs and INR 1,55,656.75 lakhs respectively.

₹ in Lakhs

Particulars	Carrying amount			
	Amortised cost	Fair value through profit or loss	Other comprehensive income	Total carrying value
Financial instruments by category				
The carrying value and fair value of financial instruments by categories as of March 31, 2022 were as follows:				
Financial assets:				
Cash and cash equivalents	61,316.28	-	-	61,316.28
Bank balances other than cash and cash equivalents	26,677.50	-	-	26,677.50
Loans	510,241.07	-	-	510,241.07
Investments	24,818.38	-	-	24,818.38
Other financial assets	1,797.93	-	-	1,797.93
Total	**624,851.16**	**-**	**-**	**624,851.16**
Financial liabilities:				
Derivative Financial Liability	-	-	138.92	138.92
Trade payables	1,300.31	-	-	1,300.31
Debt securities	100,853.38	-	-	100,853.38
Borrowings (Other than debt securities)	155,029.75	-	-	155,029.75
Other financial liabilities	4,146.84	-	-	4,146.84
Total	**261,330.28**	**-**	**138.92**	**261,469.20**
The carrying value and fair value of financial instruments by categories as of March 31, 2021 are as follows:				
Financial assets:				
Cash and cash equivalents	126,718.28	-	-	126,718.28
Bank balances other than cash and cash equivalents	8,853.99	-	-	8,853.99
Loans	435,874.94	-	-	435,874.94
Investments	-	-	-	-
Other financial assets	474.34	-	-	474.34
Total	**571,921.55**	**-**	**-**	**571,921.55**
Financial liabilities:				
Trade payables	867.17	-	-	867.17
Debt securities	130,378.55	-	-	130,378.55
Borrowings (Other than debt securities)	212,141.12	-	-	212,141.12
Other financial liabilities	1,717.01	-	-	1,717.01
Total	**345,103.86**	**-**	**-**	**345,103.86**

46. Maturity Analysis of assets and liabilities

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

₹ in Lakhs

	As at March 31, 2022			As at March 31, 2021		
	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total
Assets						
Financial assets						
Cash and cash equivalents	61,316.28	-	61,316.28	126,718.28	-	126,718.28
Bank balances other than cash and cash equivalents	18,173.58	8,503.92	26,677.50	3.96	8,850.03	8,853.99
Loans	88,263.49	421,977.58	510,241.07	67,216.71	368,658.23	435,874.94
Investments	10,798.06	14,020.32	24,818.38	-	-	-
Other financial assets	1,525.95	271.98	1,797.93	185.68	288.66	474.34
Total	**180,077.36**	**444,773.80**	**624,851.16**	**194,124.63**	**377,796.92**	**571,921.55**
Non-financial assets						
Current tax assets (net)	-	220.07	220.07	795.79	-	795.79
Deferred tax assets (net)	-	4,666.74	4,666.74	-	3,698.94	3,698.94
Investment property	-	3.56	3.56	-	3.56	3.56
Property, plant and equipment	-	1,214.45	1,214.45	-	845.60	845.60
Right of use asset	-	1,978.10	1,978.10	-	1,452.63	1,452.63
Other intangible assets	-	88.74	88.74	-	190.30	190.30
Other non-financial assets	1,265.87	17.87	1,283.74	408.49	44.28	452.77
Total	**1,265.87**	**8,189.53**	**9,455.40**	**1,204.28**	**6,235.31**	**7,439.59**
Total assets	**181,343.23**	**452,963.33**	**634,306.56**	**195,328.91**	**3,84,032.23**	**579,361.14**

Notes forming part of the financial statements for the year ended March 31, 2022

46. Maturity Analysis of assets and liabilities (Continued)

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

₹ in Lakhs

	As at March 31, 2022			As at March 31, 2021		
	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total
Liabilities and Equity						
Financial liabilities						
Derivative financial instruments	-	138.92	138.92	-	-	-
Payables						
Trade payables						
total outstanding dues of micro and small enterprises	-	-	-	-	-	-
total outstanding dues of creditors other than micro and small enterprises	1,300.31	-	1,300.31	746.93	120.24	867.17
Debt securities	55,798.91	45,054.47	100,853.38	33,549.02	96,829.53	130,378.55
Borrowings (other than debt securities)	65,013.93	90,015.82	155,029.75	71,031.62	141,109.50	212,141.12
Other financial liabilities	2,700.78	1,446.06	4,146.84	679.33	1,037.68	1,717.01
Total	**124,813.93**	**136,655.27**	**261,469.20**	**106,006.89**	**239,096.95**	**345,103.86**
Non-financial liabilities						
Provisions	364.81	535.22	900.03	150.33	569.47	719.80
Other non-financial liabilities	902.23	-	902.23	1,720.27	-	1,720.27
Total	**1,267.04**	**535.22**	**1,802.26**	**1,870.61**	**569.47**	**2,440.07**
Total liabilities	**126,080.97**	**137,190.48**	**263,271.46**	**107,877.50**	**239,666.42**	**347,543.92**
Net Assets/Liabilities			**371,035.10**			**231,817.21**

Notes forming part of the financial statements for the year ended March 31, 2022

47. Financial risk management objectives and policies

The Company's principal financial liabilities primarily 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 loans, cash and cash equivalents that relate directly to its operations.

These activities exposes the Company to a variety of financial risks, as listed below apart from various operating and business risks, and the note below also explains how the Company manages such 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 management committee has overall responsibility for the establishment and oversight of the Company’s risk management framework. The board of directors and risk management committee 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 committee oversees how management monitors compliance with the Company’s risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

Excessive risk concentration

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

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

(i) Market risk

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

Interest rate risk

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

The interest rate profile of the Company's interest bearing financial instruments is as follows:

₹ in Lakhs

Particulars	As at March 31, 2022	As at March 31, 2021
Fixed rate instruments		
Financial assets	617,804.72	539,562.50
Financial liabilities	167,758.55	252,382.61
	785,563.28	**791,945.11**
Variable rate instruments		
Financial assets	-	-
Financial liabilities	88,124.58	90,137.07
	88,124.58	**90,137.07**

Cash flow sensitivity analysis for variable-rate instruments:

₹ in Lakhs

Particulars	Profit / loss		Equity, net of tax	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
March 31, 2022				
Variable-rate instruments	(1,104.79)	1,104.79	(826.74)	826.74
Cash flow sensitivity (net)	(1,104.79)	1,104.79	(826.74)	826.74
March 31, 2021				
Variable-rate instruments	(732.35)	732.35	(548.03)	548.03
Cash flow sensitivity (net)	(732.35)	732.35	(548.03)	548.03

The sensitivity analysis above has been determined for borrowings where interest rates are variable. A 100 basis points increase or decrease in interest rates is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

(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 concentrations, and by monitoring exposures in relation to such limits.

The Company has established a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties, including periodical collateral revisions, as defined in the Credit policy. Counterparty limits are established by the use of a credit risk classification system, which assigns each counterparty a risk rating. The credit quality review process aims to allow the Company to assess the potential loss as a result of the risks to which it is exposed and take corrective actions.

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

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

An impairment analysis is performed at each reporting date based on the facts and circumstances existing on that date to identify expected losses on account of time value of money and credit risk. For the purposes of this analysis, the loan receivables are categorised into groups based on days past due. Each group is then assessed for impairment using the Expected Credit Loss (ECL) model as per the provisions of Ind AS 109 - financial instruments. The Company's impairment assessment and measurement approach is set out in this report. It should be read in conjunction with the Summary of significant accounting policies.

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

a. Probability of default ("PD")

b. Loss given default ("LGD")

c. Exposure at default ("EAD")

d. Discount factor ("D")

Probability of default:

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

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

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.

As per Ind AS 109, expected loss has to be calculated as an unbiased and probability-weighted amount for multiple scenarios.

The probability of default was calculated for 3 scenarios: best , worst and base. This weightage has been decided on best practices and expert judgement. Marginal conditional probability was calculated for all 3 possible scenarios and one conditional PD was arrived as conditional weighted probability.

Staging of loans:

Definition of default and cure

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

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

As per Ind AS 109, Company assesses whether there is a significant increase in credit risk at the reporting date from the initial recognition. 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.

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

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 12 months ECL. However, if a Stage 1 loan that is expected to default in the 12 months from the balance sheet date and is also expected to cure and subsequently default again, then all linked default events are taken into account.

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

Loss given default

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

The Company segments its retail lending products into smaller homogeneous portfolios, based on key characteristics that are relevant to the estimation of future cash flows.

Further recent data and forward-looking economic scenarios are used in order to determine the LGD rate for each of the homogeneous portfolios. When assessing forward-looking information, the expectation is based on multiple scenarios.

Under Ind AS 109, LGD rates are estimated for each of the homogeneous portfolios. 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 12 months ECL or Life-time ECL, the Company assesses whether there has been a significant increase in credit risk since initial recognition.The Company considers the credit risk to be directly proportional to the delinquency status i.e. days past due of the loan under consideration. No further adjustments are made in the PD.

When estimating ECLs on a collective basis for a group of similar assets the Company applies the same principles for assessing whether there has been a significant increase in credit risk since initial recognition. (Refer Note-6.1 for analysis of changes in the gross carrying amount and the corresponding ECL allowances)

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 (Till March 31, 2021)

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 Company measures ECL as the product of PD , LGD and EAD estimates for its Ind AS 109 specified financial assets. The calculation is based on provision matrix which considers actual historical data adjusted appropriately for the future expectations and probabilities. Proportion of expected credit loss provided for across the stage is summarised below:

₹ in Lakhs

Particulars	Provisions	As at March 31, 2022	As at March 31, 2021
Stage 1	12 month provision	0.34%	0.33%
Stage 2	Life time provision	8.77%	13.40%
Stage 3	Life time provision	34.89%	17.96%

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.

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, 2022 was INR 79.78 Lakhs (March 31, 2021: INR 63.30 Lakhs).

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

Geography	As at March 31, 2022	As at March 31, 2021
Tamil Nadu	193,981.67	182,290.54
Karnataka	36,807.78	32,192.50
Andhra Pradesh	148,432.90	125,096.37
Telangana	97,344.41	81,678.27
Others	30,141.01	23,280.41

Note: The above risk concentration of loan portfolio excludes Inter-Corporate Deposits amounting to Rs. 13,821.88 lakhs as at March 31, 2022.

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.

Investments

Investments comprises of mutual funds and government securities in accordance with the investment policy. Govenment securitites have sovereign rating and mutual fund investments are made with counterparties with low credit risk. The credit worthiness is of these counterparties are evaluated on an ongoing basis.

Other Financial Assets

Other financial assets is primarily constituted by security deposits and other receivables. 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.

Exposure to liquidity risk

The table below provides details regarding the contractual maturities of financial liabilities and assets including interest as at March 31, 2022:

₹ in Lakhs

Particulars	Carrying amount	Less than 1 year	1-2 years	2-5 years	More than 5 years
Financial Liabilities					
Derivative Financial Instruments	138.92	-	-	138.92	-
Debt Securities	100,853.38	61,573.88	45,065.78	3,908.41	-
Borrowings (Other than Debt Securities)	155,029.75	76,292.31	54,564.04	46,375.35	-
Trade payables	1,300.31	1,300.31	-	-	-
Other financial liabilities	4,146.84	2,839.11	695.67	859.14	191.01
Total (B)	**261,469.20**	**142,005.61**	**100,325.49**	**51,281.82**	**191.01**
Financial Assets					
Cash and cash equivalents	61,316.28	61,316.28	-	-	-
Bank Balances other than cash and cash equivalents	26,677.50	18,434.26	1,168.81	8,417.12	-
Loans	510,241.07	203,659.57	179,905.76	409,452.74	77,544.53
Investments	24,818.38	11,169.15	4,344.75	10,938.88	-
Other Financial assets	1,797.93	1,525.95	52.01	188.12	31.85
Total (A)	**624,851.16**	**296,105.21**	**185,471.33**	**428,996.86**	**77,576.38**

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

Particulars	Carrying amount	Less than 1 year	1-2 years	2-5 years	More than 5 years
Financial Liabilities					
Derivative Financial Instruments	-	-	-	-	-
Debt Securities	130,378.55	33,549.02	52,973.11	43,481.42	375.00
Borrowings (Other than Debt Securities)	212,141.12	71,031.62	62,064.87	79,044.63	-
Trade payables	867.17	746.93	50.05	70.19	-
Other financial liabilities	1,717.01	679.32	380.09	554.06	103.54
Total (B)	**345,103.85**	**106,006.88**	**115,468.12**	**123,150.30**	**478.54**
Financial Assets					
Cash and cash equivalents	126,718.28	126,718.28	-	-	-
Bank Balances other than cash and cash equivalents	8,853.99	3.96	787.51	5,838.73	2,223.79
Loans	435,874.94	67,216.71	66,958.54	228,710.05	72,989.64
Investments	-	-	-	-	-
Other Financial assets	474.34	185.68	98.41	157.30	32.95
Total (A)	**571,921.55**	**194,124.63**	**67,844.46**	**234,706.08**	**75,246.38**

(iv) Foreign Currency Risk

Foreign Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign currency risk for the Company arise primarily on account of foreign currency borrowings. The Company manages this foreign currency risk by entering in to cross currency swaps . When a derivative is entered in to for the purpose of being a hedge, the Company negotiates the terms of those derivatives to match with the terms of the hedged exposure. The Company's policy is to fully hedge its foreign currency borrowings at the time of drawdown and remain so till repayment.

The Company holds a derivative financial instrument of Cross currency swap to mitigate risk of changes in exchange rate in foreign currency

The Counterparty for the contract is a bank. Derivatives are fair valued using inputs that are directly or indirectly observable in market place.

Disclosure of Effects of Hedge Accounting

Cash Flow Hedge

Impact of hedging instrument on balance sheet is, as follows:

As on 31st March 2022

Foreign Exchange Risk on Cash Flow Hedge	No of Contracts		Nominal Value of Hedging Instrument ₹ Lakhs	Carrying Value ₹ Lakhs	Maturity Date	Changes in Fair Value of Hedging Instrument ₹ Lakhs	Changes in Value of Hedged Item used as a Basis for recognising hedge effectiveness	Line Item in Balance Sheet
	Asset	Liability	Liability	Liability				
Cross Currency Interest Rate Swap	-	1	7,591.00	138.92	March 30, 2022 to December 27, 2026	138.92	12.00	Borrowings

Cash Flow Hedge	Change in the Value of hedging Instrument recognized in Other Comprehensive Income ₹ Lakhs	Ineffectiveness recognised in Profit and Loss ₹ Lakhs	Amount reclassified from Cash Flow hedge reserve to Profit or Loss ₹ Lakhs	Line item affected in statement of Profit and Loss because of the reclassification
Foreign Exchange risk and exchange rate risk	(126.92)	-	-	NA

As on 31st March 2021

Foreign Exchange Risk on Cash Flow Hedge	No of Contracts		Nominal Value of Hedging Instrument	Carrying Value	Maturity Date	Changes in Fair Value of Hedging Instrument ₹ Lakhs	Changes in Value of Hedged Item used as a Basis for recognising hedge effectiveness ₹ Lakhs	Line Item in Balance Sheet
	Asset	Liability	Liability	Liability				
Cross Currency Interest Rate Swap	-	-	-	-	-	-	-	NA

Cash Flow Hedge	Change in the Value of hedging Instrument recognized in Other Comprehensive Income	Ineffectiveness recognised in Profit and Loss	Amount reclassified from Cash Flow hedge reserve to Profit or Loss ₹ Lakhs	Line item affected in statement of Profit and Loss because of the reclassification
Foreign Exchange risk and exchange rate risk	-	-	-	NA

48. Disclosures required as per RBI Circulars/Directives

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

₹ in Lakhs

Particulars	As at March 31, 2022		As at March 31, 2021	
	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	101,293.58	-	131,290.80	-
ii. Unsecured				-
b. Deferred Credits	-	-	-	-
c. Term Loans*	147,586.10	-	213,310.11	-
d. Inter-corporate loans and borrowings	-	-	-	-
e. Commercial Paper	-	-	-	-
f. Public Deposits				
g. Other loans				
Loans repayable on demand (secured) - From Banks	765.61	-	196.60	-
Loans from related parties (unsecured)	-	-	-	-
Term Loans from other parties (unsecured)	7,584.45	-	-	-
2. Break-up of (1) (f) above (outstanding public deposits inclusive of interest accrued thereon but not paid) :				
a. In the form of Unsecured debentures	-	-	-	-
b. In the form of party secured debentures i.e debentures where there is a shortfall in the value of security	-	-	-	-
c. Other public deposits	-	-	-	-

* includes borrowings under securitisation

₹ in Lakhs

Particulars	Amount Outstanding as on March 31, 2022	Amount Outstanding as on March 31, 2021
3. Break-up of Loans and Advances, including Bills Receivables		
a. Secured(net of impairment loss allowance)	496,419.19	4,35,874.94
b. Unsecured	13,821.88	-
4. Break up of Leased Assets and Stock on Hire and Other Assets counting towards AFC activities		
(i). Leased assets including lease rentals under Receivables		
a. Financial lease	-	-
b. Operating lease	-	-

₹ in Lakhs

Particulars	Amount Outstanding as on March 31, 2022	Amount Outstanding as on March 31, 2021
(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

Particulars	Amount Outstanding as on March 31, 2022	Amount Outstanding as on March 31, 2021
a. Current Investments		
1. Quoted		
i. Shares		
a. Equity	-	-
b. Preference	-	-
ii. Debentures and Bonds	-	-
iii. Units of Mutual Funds	-	-
iv. Government Securities*	10,797.68	-
v. Others	-	-
2. Unquoted		
i. Shares		
a. Equity	-	-
b. Preference	-	-
ii. Debentures and Bonds	-	-
iv. Government Securities*	-	-
v. Others	-	-
b. Long-term Investments		
1. Quoted		
i. Shares		
a. Equity	-	-
b. Preference	-	-
ii. Debentures and Bonds	-	-
iii. Units of Mutual Funds	-	-
iv. Government Securities	14,020.70	-
v. Others	-	-
2. Unquoted		
i. Shares		
a. Equity	-	-
b. Preference	-	-
ii. Debentures and Bonds	-	-
iii. Units of Mutual Funds	-	-
iv. Government Securities	-	-
v. Others	-	-

6. Borrower group-wise classification of assets financed in 3 and 4 above

₹ in Lakhs

Category	Amount [Net of Provisions]			
	As at March 31, 2022		As at March 31, 2021	
	Total	Secured	Total	Secured
a. Related Parties				
i. Subsidiaries	-	-	-	-
ii. Companies in the same group	-	-	-	-
iii. Other Related Parties	-	-	-	-
b. Other than Related Parties	510,241.07	496,419.19	435,874.94	435,874.94
Total	**510,241.07**	**496,419.19**	**435,874.94**	**435,874.94**

7. Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted)

₹ in Lakhs

Category	As at March 31, 2022		As at March 31, 2021	
	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	24,546.47	24,818.38	-	-
Total	**24,546.47**	**24,818.38**	**-**	**-**

₹ in Lakhs

Particulars	As at March 31, 2022	As at March 31, 2021
8. Other Informations		
a. Gross Non-Performing Assets (stage 3 assets)		
i. Related Parties	-	-
ii. Other than Related Parties	5,304.99	4,519.37
b. Net Non-Performing Assets (stage 3 assets)		
i. Related Parties	-	-
ii. Other than Related Parties	3,454.04	3,707.53
c. Assets acquired in satisfaction of debt	-	-

Disclosure pursuant to Reserve Bank of India Master Direction DNBR.PD.008/03.10.119/2016-17 dated September 01, 2016

B. Derivatives (Forward rate agreement / interest rate swap)

(i) Notional Principal of Swap Accounts	7,591.00	-
(ii) Losses which would be incurred of counter parties failed to fulfill their obligations under the agreement	-	-
(iii) Collateral required by the applicable NBFC upon entering into swaps	-	-
(iv) Concentration of credit risk arising from Swaps	-	-
(v) The fair value of the swap Book	138.92	-

The Company has hedged its foreign currency borrowings through cross currency swaps. For Accounting Policy & Risk Management Policy. (Refer note no. 3.22 and 47(iv))

Exchange traded interest rate derivatives

The Company has not traded in exchange traded interest rate derivative during the current and previous year.

Disclosures on risk exposure in derivatives

Qualitative Disclosure

Details for qualitative disclosure are part of accounting policy as per financial statements. (refer note no. 3.22)

(i) Derivatives (notional principal amount) for hedging	7,591.00	-
(ii) Marked to market positions	-	-
(a) Asset	-	-
(b) Liability	138.92	-
(iii) Credit Exposure	-	-
(iv) Unhedged Exposures	-	-

C. Investments

1. Value of Investments		
i. Gross value of investments		
a. In India	24,818.38	-
b. Outside India	-	-
ii. Provision for depreciation		
a. In India	-	-
b. Outside India	-	-

₹ in Lakhs

Particulars	As at March 31, 2022	As at March 31, 2021
iii. Net value of investments		
a. In India	24,818.38	-
b. Outside India	-	-
2. Movement of provisions held towards depreciation on investments		
i. Opening balance	-	-
ii. Add : Provisions made during the year	-	-
iii. Less : Write-off / write-back of excess provisions during the year	-	-
iv. Closing balance	-	-
D. Exposure to Real Estate Sector		
1. Direct exposure		
i. Residential Mortgages*		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	506,598.53	444,380.60
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.).	109.24	157.49
iii. Investments in Mortgage Backed Securities (MBS) and other securitised exposures		
a. Residential	-	-
b. Commercial Real Estate	-	-
Total exposure to Real Estate sector (gross)	**506,707.77**	**444,538.09**

* Represents gross carrying amount as at the reporting date which are secured by underlying mortgaged properties.

Note: The above exposure excludes Inter-Corporate Deposits amounting to INR. 13,821.88 lakhs as at March 31, 2022.

E. Customer Complaints

No. of complaints pending at the beginning of the year	-	-
No. of complaints received during the year	83	31
No. of complaints redressed during the year	82	31
No. of complaints pending at the end of the year	1	-

F. Exposure to Capital Market

The Company does not have any exposure to capital market and hence this disclosure is not applicable.

G. Concentration of Advances

Total Advances to twenty largest borrowers	899.70	917.00
Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	0.14%	0.17%

- The above exposure denotes gross carrying amount

Note: The above concentration of advances excludes Inter-Corporate Deposits amounting to INR 13,821.88 lakhs as at March 31, 2022.

₹ in Lakhs

Particulars	As at March 31, 2022	As at March 31, 2021
H. Concentration of exposures		
Total exposure to twenty largest borrowers	707.15	803.12
Percentage of exposures to twenty largest borrowers to Total exposure of the NBFC	0.14%	0.18%

-The above exposure denotes gross carrying amount

Note: The above concentration of exposure excludes Inter-Corporate Deposits amounting to Rs. 13,821.88 lakhs as at March 31, 2022.

I. Concentration of NPAs (Stage 3 assets)		
Total exposure to top four NPA accounts(Stage 3 assets)	84.72	134.52

J. Ratings assigned by Credit Rating Agencies

The Credit Analysis & Research Limited (CARE), CRISIL Limited (CRISIL) and ICRA Limited (ICRA) have assigned ratings for the various facilities availed by the Company, details of which are given below:

Commercial Paper		
- CARE	A1+	A1
Long term Bank Facilities		
- CARE	A+	A
- ICRA	A+	A
Short term bank facilities		
- CARE	A1+	A1
Non Convertible Debentures		
- CARE	A+	A
- ICRA	A+	A

Particulars	Percentage of NPAs to total advances in that sector	
K. Sector-wise Gross NPAs (Stage 3 assets)		
Agriculture & allied activities	-	-
MSME*	0.00%	7.78%
Corporate borrowers	-	-
Services*	1.18%	1.13%
Unsecured personal loans	-	-
Auto loans (commercial vehicles)	-	-
Other personal loans	0.82%	0.70%

* 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.

₹ in Lakhs

Particulars	As at March 31, 2022	As at March 31, 2021
L. Movement of NPAs (Stage 3 assets)		
Gross NPAs to Net Advances (%)	**1.05%**	**1.02%**
Net NPAs to Net Advances (%)	**0.68%**	**0.84%**
Movement of NPAs (Gross)		
(a) Opening balance	4,519.37	5,322.63
(b) Additions during the year	4,576.15	1,422.15
(c) Reductions during the year	(864.14)	(1,228.58)
(d) Write off	(2,926.39)	(996.83)
(d) Closing balance	5,304.99	4,519.37
Movement of Net NPAs		
(a) Opening balance	3,707.53	4,380.51
(b) Additions during the year	1,480.15	511.58
(c) Reductions during the year	(1,733.64)	(1,184.56)
(d) Closing balance	3,454.04	3,707.53
Movement of provisions for NPAs (excluding provisions on standard assets)		
(a) Opening balance	811.84	942.12
(b) Provisions made during the year	3,095.99	910.57
(c) Write-off / write-back of excess provisions	(2,056.88)	(1,040.85)
(d) Closing balance	1,850.95	811.84

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 surrended to NHB on June 5, 2020

N. Disclosure of penalties imposed by RBI and other regulators

The Company has not paid any penalty during the year ended March 31, 2022 and the year ended March 31, 2021.

O. Details of Single Borrower Limit (SGL)/ Group Borrower Limit (GBL)

The Company has not exceeded the Single Borrower Limit (SGL)/ Group Borrower Limit (GBL) during the year ended March 31, 2022 and March 31, 2021

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, 2022 and March 31, 2021 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, 2022 and March 31, 2021.

S. Details of unsecured advances

The Company has unsecured Intercorporate deposits amounting to Rs.13,281.88 lakhs as at March 31, 2022 (March 31, 2021 - Rs. Nil).

The company has not financed any unsecured advances against intangible securities such as rights, licenses, authority etc. as collateral security.

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, 2022 and March 31, 2021.

U. Remuneration to non-executive directors

The Company has incurred commission of INR 24 Lakhs and sitting fee of INR 47.10 lakhs during the year ended March 31, 2022 (March 31, 2021: Commission - INR 18 lakhs, sitting fee - INR 13.75 lakhs)

V. Draw down from reserves

The Company has not made any draw down from reserves during the year ended March 31, 2022 except for utilisation of securities premium towards share issue expenses in accordance with Section 52 of Companies Act 2013 (refer note 22 (iii)).

The Company has not made any draw down from reserves during the year ended March 31, 2021.

W. Provisions and Contingencies

₹ in Lakhs

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Category-wise Break up of 'Provisions and Contingencies' shown in the Statement of Profit and Loss (including other comprehensive Income)		
Provisions for depreciation on investment	-	-
Provision towards non-performing assets*	3,965.50	866.56
Provision made towards income tax	15,959.12	12,594.12
Provision for compensated absences	512.07	399.18
Provision for gratuity	429.48	306.90
Provision for standard assets#	586.31	2,651.01

* Represents impairment loss allowance on stage 3 assets - Includes write-off of INR 2,926.39 lakhs (March 31, 2020 - INR 996.83 lakhs)

Represents impairment loss allowance on stage 1 and stage 2 assets.

X. Gold Loan Portfolio

The Company has not provided loan against gold during the year ended March 31, 2022 and March 31, 2021.

Y. Related Party Transaction

Details of all material transactions with related parties are disclosed in Note 43

Z. Net Profit or Loss for the period, prior period items and changes in accounting policies

There are no prior period items that have impact on the current year’s profit and loss.

AA. Revenue Recognition

There have been no instances in which revenue recognition has been postponed pending the resolution of significant uncertainties.

AB. Ind As 110 – Consolidated Financial Statements (CFS)

The Company does not have any Subsidiary, Associate or Joint venture and hence is not required to prepare Consolidated financial statement.

AC. Public disclosure on Liquidity Risk

(i) Funding Concentration based on significant counterparty (borrowings)

₹ in Lakhs

S.No.	No. of Significant Counterparties	Amount	% of Total Liabilities
1	22	1,74,294.98	66.20%

(ii) Top 20 large deposits (amount in Rs. and % of total deposits): Not Applicable

(iii) Top 10 borrowings (amount in Rs. and % of total borrowings)

₹ in Lakhs

S.No.	Name of the Facility	Amount	% of Total Liabilities
1	Total of top 10 borrowings	1,05,879.20	41.38%

(iv) Funding Concentration based on significant instrument/product

₹ in Lakhs

S.No.	Name of the Instrument/Product	Amount	% of Total Liabilities
1	Non-Convertible Debentures	100,853.38	38.31%
2	Term Loan	97,386.21	36.99%
3	Securitisation	49,414.81	18.77%
4	External commercial borrowings	7,471.01	2.84%

(iv) Stock Ratios

₹ in Lakhs

S.No.	Name of the Instrument/Product	Percentage
1	Commercial papers as a % of total public funds, total liabilities and total assets	-
2	Non-convertible debentures (original maturity of less than one year) as a % of total public funds, total liabilities and total assets	-
3	Other short-term liabilities, if any as a % of total public funds	48.78%
4	Other short-term liabilities, if any as a % of total liabilities	47.41%
5	Other short-term liabilities, if any as a % of total assets	19.85%

Definitions:

"Significant counterparty" is defined as a single counterparty or group of connected or affiliated counterparties accounting in aggregate for more than 1% of the total liabilities.

"significant instrument/product" is defined as a single instrument/product of group of similar instruments/products which in aggregate amount to more than 1% of the total liabilities.

Public funds includes funds raised either directly or indirectly through public deposits, inter-corporate deposits, bank finance and all funds received from outside sources such as funds raised by issue of Commercial Papers, debentures etc. but excludes funds raised by issue of instruments compulsorily convertible into equity shares within a period not exceeding 5 years from the date of issue.

Total assets represents total assets as per the Balance Sheet netted off by intangible assets.

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

As at March 31, 2022

₹ in Lakhs

Particulars	1-7 Days	8-14 Days	15-31 Days	Over 1 to 2 months	Over 2 to 3 months	Over 3 to 6 months	Over 6 to 1 year	Over 1 to 3 years	Over 3 to 5 years	Over 5	Total
Advances*	6,642.26	2,106.79	3,667.47	5,860.48	5,954.30	19,702.43	44,329.75	180,577.27	177,341.70	65,944.76	512,127.23
Investments	-	-	16.41	16.41	6,083.33	2,573.92	2,107.99	14,020.33	-	-	24,818.38
Borrowings	1,373.05	527.25	4,100.33	7,925.19	10,573.91	36,651.99	59,655.67	118,866.94	9,970.96	-	249,645.29
Foreign Currency Liabilities	-	-	-	-	-	5.45	-	1,515.80	6,063.20	-	7,584.45

*The above advances excludes Inter-Corporate Deposits amounting to INR 13,821.88 lakhs as at March 31, 2022

As at March 31, 2021

₹ in Lakhs

Particulars	0-7 Days	8-15 Days	16-31 Days	Over 1 to 2 months	Over 2 to 3 months	Over 3 to 6 months	Over 6 to 1 year	Over 1 to 3 years	Over 3 to 5 years	Over 5	Total
Advances*	4,266.28	2,208.53	2,689.25	4,673.72	4,735.06	15,570.43	34,381.85	146,167.08	159,311.40	76,393.56	450,397.16
Investments	-	-	-	-	-	-	-	-	-	-	-
Borrowings	34.97	650.36	9,758.12	9,033.27	9,424.89	19,279.10	57,574.18	203,364.28	35,303.35	375.00	344,797.52
Foreign Currency Liabilities	-	-	-	-	-	-	-	-	-	-	-

* Market borrowings include borrowings from all sources other than banks.

Notes: The balances considered are without netting of impairment loss allowance (for stage 1 and stage 2 assets) and unamortized Borrowing cost and Processing Fee

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

₹ in Lakhs

Particulars	Less than INR 1 Lakh		More than INR 1 Lakh less than INR 25 Lakh		Above INR 25 Lakh		Total	
	Number of Instances	₹ in lakhs	Number of Instances	₹ in lakhs	Number of Instances	₹ in lakhs	Number of Instances	₹ in lakhs
Person involved:								
Staff**	-	-	3	11.33	-	-	3	11.33
Outsiders	-	-	-	-	-	-	-	-
Total	**-**	**-**	**3**	**11.33**	**-**	**-**	**3**	**11.33**
Type of fraud:								
Cash Mishandling**	-	-	3	11.33	-	-	3	11.33
Others	-	-	-	-	-	-	-	-
Total	**-**	**-**	**3**	**11.33**	**-**	**-**	**3**	**11.33**

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

AF. Disclosures Pursuant to Reserve Bank of India Guidelines on Liquidity Risk Management RBI/2019-20/88 DOR.NBFC (PD) CC.No.102/03/.10.001/2019-20 dated November 4, 2019

As per the Guidelines on Liquidity Risk Management Framework for NBFCs issued by RBI vide notification no. RBI/2019-20/88 DOR.NBFC (PD) CC. No.102/03.10.001/2019-20, all non-deposit taking NBFCs with asset size more than INR 5000 crores are required to maintain Liquidity Coverage Ratio (LCR) from December 1, 2020, with the minimum LCR to be 30%, progressively increasing, till it reaches the required level of 100%, by December 1, 2024.

₹ in Lakhs

Particulars	Quarter ended 30 June 2021		Quarter ended 30 September 2021		Quarter ended 31 December 2021		Quarter ended 31 March 2022	
	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
High Quality Liquid Assets								
1. Total High Quality Liquid Assets (comprise of cash on hand and demand deposits with Scheduled Commercial Banks and unencumbered government securities)	7,877.00	7,877.00	15,816.00	15,816.00	33,179.16	33,179.16	30,764.11	30,764.11
Cash outflows								
2. Deposits (for deposit taking companies)	-	-	-	-	-	-	-	-
3. Unsecured wholesale funding	-	-	-	-	-	-	-	-
4. Secured wholesale funding	13,839.99	15,915.99	9,440.00	10,856.08	13,533.46	15,563.48	13,603.97	15,644.57
5. Additional requirements, of which	-	-	-	-	-	-	-	-
(i) Outflows related to derivative exposures an other collateral requirements	-	-	-	-	-	-	-	-
(ii) Outflows related to loss on funding on debt products	-	-	-	-	-	-	-	-
(iii) Credit and liquidity facilities	-	-	-	-	-	-	-	-
6. Other contractual funding obligations	-	-	-	-	-	-	1,870.23	2,150.77
7. Other contingent funding obligations	20,000.00	23,000.00	20,000.00	23,000.00	20,000.00	23,000.00	20,000.00	23,000.00
8. Total cash outflows	**33,839.99**	**38,915.99**	**29,440.00**	**33,856.08**	**33,533.46**	**38,563.48**	**35,474.22**	**40,795.34**

₹ in Lakhs

Particulars	Quarter ended 30 June 2021		Quarter ended 30 September 2021		Quarter ended 31 December 2021		Quarter ended 31 March 2022	
	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
Cash Inflows								
9. Secured Lending	13,880.63	10,410.55	13,975.00	10,481.33	14,637.62	10,978.22	13,009.18	11,312.33
10. Inflows from fully performing exposures	-	-	-	-	-	-	-	-
11. Other cash inflows	113,159.27	84,868.78	110,154.00	82,614.85	84,366.46	63,274.85	36,537.01	31,771.31
12. Total Cash Inflows	**1,27,039.90**	**95,279.33**	**1,24,129.00**	**93,096.17**	**99,004.08**	**74,253.07**	**49,546.20**	**43,083.64**
		Total Adjusted Value		Total Adjusted Value		Total Adjusted Value		Total Adjusted Value
13. Total HQLA		**7,876.71**		**15,816.46**		**33,179.16**		**30,764.11**
14. Total Net cash outflows		**9,729.00**		**8,464.02**		**9,640.87**		**10,198.83**
15. Liquidity Coverage Ratio (%)		**81%**		**187%**		**344%**		**302%**

₹ in Lakhs

Particulars	Quarter ended 30 June 2020		Quarter ended 30 September 2020		Quarter ended 31 December 2020		Quarter ended 31 March 2021	
	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
High Quality Liquid Assets								
1. Total High Quality Liquid Assets (comprise of cash on hand and demand deposits with Scheduled Commercial Banks)	45,077.52	45,077.52	47,465.99	47,465.99	36,764.77	36,764.77	15,185.85	15,185.85
Cash outflows								
2. Deposits (for deposit taking companies)	-	-	-	-	-	-	-	-
3. Unsecured wholesale funding	-	-	-	-	-	-	-	-
4. Secured wholesale funding	7,817.81	8,990.48	9,303.09	10,698.55	26,794.82	30,814.05	12,254.44	14,092.60
5. Additional requirements, of which	-	-	-	-	-	-	-	-
(i) Outflows related to derivative exposures an other collateral requirements	-	-	-	-	-	-	-	-
(ii) Outflows related to loss on funding on debt products	-	-	-	-	-	-	-	-
(iii) Credit and liquidity facilities	-	-	-	-	-	-	-	-
6. Other contractual funding obligations	-	-	-	-	-	-	-	-
7. Other contingent funding obligations	21,783.33	25,050.83	21,383.33	24,590.83	20,983.33	24,130.83	20,366.67	23,421.67
8. Total cash outflows	**29,601.14**	**34,041.31**	**30,686.42**	**35,289.38**	**47,778.15**	**54,944.88**	**32,621.11**	**37,514.27**
Cash Inflows								
9. Secured Lending	160.06	120.04	7,889.15	5,916.86	11,990.89	8,993.17	12,848.67	9,636.50
10. Inflows from fully performing exposures	-	-	-	-	-	-	-	-
11. Other cash inflows	9,077.33	6,808.00	50,807.74	38,105.80	79,479.00	59,609.25	89,469.11	67,101.83
12. Total Cash Inflows	**9,237.39**	**6,928.04**	**58,696.89**	**44,022.66**	**91,469.89**	**68,602.42**	**102,317.78**	**76,738.33**

₹ in Lakhs

Particulars	Quarter ended 30 June 2020		Quarter ended 30 September 2020		Quarter ended 31 December 2020		Quarter ended 31 March 2021	
	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
		Total Adjusted Value		Total Adjusted Value		Total Adjusted Value		Total Adjusted Value
13. Total HQLA		**45,077.52**		**47,465.99**		**36,764.77**		**15,185.85**
14. Total Net cash outflows		**27,113.27**		**8,822.35**		**13,736.22**		**9,378.57**
15. Liquidity Coverage Ratio (%)		**166%**		**538%**		**268%**		**162%**

Notes:

1. The average weighted and unweighted amounts are calculated based on simple average of monthly observations for the quarters ended June 30, 2021, September 30, 2021 and December 31, 2021 and based on simple average of daily observations for the quarter ended March 31, 2022. The weightage factor applied to compute weighted average value is constant for all the quarters.

2. Prior to introduction of LCR framework, the company used to maintain a substantial share of its liquidity in form of fixed deposits with banks and investment in mutual funds. Post the introduction of LCR framework, the Company has consciously worked towards increasing its investment in High Quality Liquid Assets (HQLA) as per the RBI guidelines.

3. Weighted values have been calculated after the application of respective haircuts (for HQLA) and stress factors on inflow and outflow.

4. The disclosures above are based on the information and records maintained and compiled by the management and have been relied upon by the auditors.

5.RBI has mandated minimum liquidity coverage ratio (LCR) of 60% to be maintained by December 2021, which is to be gradually increased to 100% by December 2024. The Company has LCR of 302% as of March 31, 2022 as against the LCR of 60% mandated by RBI.

Qualitative information:

1. The Company has implemented the guidelines on Liquidity Risk Management Framework prescribed by the Reserve Bank of India requiring maintenance of Liquidity Coverage Ratio (LCR), which aim to ensure that an NBFC maintains an adequate level of unencumbered HQLAs that can be converted into cash to meet its liquidity needs for a 30 calendar day time horizon under a significantly severe liquidity stress scenario.

2. LCR = Stock of High-Quality Liquid Assets (HQLAs)/Total Net Cash Outflows over the next 30 calendar days.

3. HQLAs comprise of cash on hand, demand deposits with Scheduled Commercial Banks and Unencumbered government securities.

4. Total net cash outflows are arrived after taking into consideration total expected cash outflows minus total expected cash inflows for the subsequent 30 calendar days. As prescribed by RBI, total net cash outflows over the next 30 days = Stressed Outflows - [Min (stressed inflows; 75% of stressed outflows)]. Total expected cash outflows (stressed outflows) are calculated by multiplying the outstanding balances of various categories or types of liabilities and off-balance sheet commitments by 115% (15% being the rate at which they are expected to run off further or be drawn down). Total expected cash inflows (stressed inflows) are calculated by multiplying the outstanding balances of various categories of contractual receivables by 75% (25% being the rate at which they are expected to under-flow).

5. The inflows included under "Secured Lending" for quarter ended June 30, 2020 and September 30, 2020 are after considering the moratorium extended to the customers. “Other cash inflows” include mutual funds and callable fixed deposits maturing within 30 days.

6. The Liquidity Risk Management framework of the Company is governed by its Liquidity Risk Management Policy and Procedures approved by the Board. The Asset Liability Management Committee (ALCO) oversees the implementation of liquidity risk management strategy of the Company and ensure adherence to the risk tolerance/limits set by the Board.

7. The Company maintains a funding profile with no undue concentration of funding sources. In order to ensure a diversified borrowing mix, concentration of borrowing through various sources is monitored. Further, the Company has prudential limits on investments in different instruments. There is no currency mismatch in the LCR. The above is periodically monitored by ALCO.

AG. Disclosure as per format prescribed under notification RBI/2020-21/16 DOR No BP BC/3/21.04 048/2020-21 dated 6 August 2020 for the period ended 31 March 2022 (borrowers who has been provided restructuring under RBI Resolution Framework – 2.0):

₹ in Lakhs

Type of borrower**	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of the previous half-year (A)	Of (A), aggregate debt that slipped into NPA during the half-year	Of (A) amount written off during the half-year	Of (A) amount paid by the borrowers during the half-year	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of 31st March 2022
Personal Loans	2,853.97	4.52	143.19	144.96	2,561.30
Corporate persons*	-	-	-	-	-
Of which MSMEs	-	-	-	-	-
Others	5,528.97	12.98	412.14	303.23	4,800.62
Total	**8,382.94**	**17.50**	**555.33**	**448.19**	**7,361.92**

*As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016.

** Classification of borrowers is based on the data available with the Company and has been relied upon by the auditors. Above loans are secured wholly by mortgage of property.

₹ in Lakhs

Particulars	As at March 31, 2022	As at March 31, 2021
AH. Disclosure pertaining to RBI Master Direction - RBI/DOR/2021-22/85 DOR.STR.REC.53/21.04.177/2021-22 Reserve Bank of India (Securitisation of Standard Assets) Directions, 2021 dated September 24, 2021		
1. No of Special Purpose Vehicle's (SPV's) sponsored by the NBFC for securitisation transactions (Nos.)	11	12
2. Total amount of securitised assets as per books of the SPVs sponsored by the NBFC	49,538.39	81,815.63
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	25,426.26	32,183.21
- 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	-	-
5. Sale consideration received for securitised assets and gain or loss on account of sale of Securitisation during the year	-	78,578.96
6. Performance of facility provided (Credit Enhancement)		
(a) Amount Paid	-	-
(b) Repayment received	-	-
(c) Outstanding Amount	25,426.26	32,183.21
7. Average default rate of portfolio*		
(a) Loan agaisnt property	0.03%- 0.42%	0.03%-0.11%
8. Additional/top up loan given on the same underlying asset.		
-Amount	3,189.86	1,772.86
-Number	2,057.00	1,054.00
9. Investor Complaints		
(a) Received	-	-
(b) Outstanding	-	-

The Company had additionally consummated 2 transactions during the financial year ended March 31, 2021 under the partial credit guarantee scheme of the Government of India. The above disclosure does not include the details pertaining to these transactions. The amount payable towards such transactions as at March 2022 aggregates to Rs. 8,695.79 lakhs (As at March 31, 2021 - Rs 14,018.39 lakhs) and first loss credit enhancement towards such transactions as at March 31, 2022 is Rs. 5,621.28 lakhs (As at March 31, 2021 -Rs 5,560.81 lakhs)

*The period considered is from the date of initiation of the securitisation transactions till the period then ended.

AI. Disclosure pertaining to RBI Master Direction - RBI/DOR/2021-22/86 DOR.STR.REC.51/21.04.048/2021-22 Reserve Bank of India (Transfer of Loan Exposures) Directions, 2021 dated September 24, 2021

Details of Assignments during the year

a). The Company has not transferred any loans during year ended March 31, 2022.

b). The Company has not acquired any loans (not in default) through assignment during the financial year ended March 31, 2022

c). The Company has neither acquired nor transferred any stressed loans during the year ended March 31, 2022.

The securitised loans disclosed in the above notes (i.e 48-AH) 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 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.

AJ. Disclosure pursuant to Reserve Bank of India Master Direction DNBR.PD.008/03.10.119/2016-17 dated September 01, 2016

As at 31 March 2022

₹ in Lakhs

Asset Classification as per RBI norms	Asset Classification as per Ind AS 109	Gross carrying amount as per Ind AS	Loss allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provision required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
Performing assets						
Standard assets	Stage 1	4,21,696.37	1,448.46	420,247.91	2,003.46	(554.99)
	Stage 2	79,706.41	6,989.17	72,717.24	745.23	6,243.94
Subtotal		**501,402.78**	**8,437.63**	**492,965.15**	**2,748.69**	**5,688.95**
Non -Performing assets*						
Substandard	Stage 3	4,253.95	794.88	3,459.07	373.52	421.36
Doubtful						
Upto 1 year	Stage 3	1,051.05	1,056.07	(5.02)	171.28	884.79
1 to 3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful		**1,051.05**	**1,056.07**	**-5.02**	**171.28**	**884.79**
Loss assets	Stage 3	-	-	-	-	-
Subtotal for NPA		**5,305.00**	**1,850.95**	**3,454.04**	**544.80**	**1,306.15**
Total		**506,707.77**	**10,288.58**	**496,419.19**	**3,293.49**	**6,995.10**

As at 31 March 2021

₹ in Lakhs

Asset Classification as per RBI norms	Asset Classification as per Ind AS 109	Gross carrying amount as per Ind AS	Loss allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provision required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
Performing assets						
Standard assets	Stage 1	389,595.08	1,276.53	388,318.55	1,558.38	(281.85)
	Stage 2	50,423.65	6,574.78	43,848.86	201.69	6,373.09
Subtotal		**440,018.73**	**7,851.31**	**432,167.41**	**1,760.07**	**6,091.24**
Non -Performing assets*						
Substandard	Stage 3	2,931.20	552.40	2,378.80	293.01	259.39
Doubtful						
Upto 1 year	Stage 3	1,588.16	259.44	1,328.72	317.63	(58.19)
1 to 3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful		**1,588.16**	**259.44**	**1,328.72**	**317.63**	**(58.19)**
Loss assets	Stage 3	-	-	-	-	-
Subtotal for NPA		**4,519.36**	**811.84**	**3,707.52**	**610.64**	**201.20**
Total		**444,538.10**	**8,663.15**	**435,874.94**	**2,370.71**	**6,292.44**

Note: Provision required as per IRACP norms includes provision calculated on Securitised portfolio

In terms of the requirement as per RBI notifications no. RBI/2019-20/170 DOR (NBFC).CC. PD No. 109/22.10.106/2019-20 dated March 13, 2020 on implementation of Indian accounting standards, Non-Banking Financial Companies (NBFCs) are required to create an impairment reserve for any shortfall in impairment allowances under Ind AS 109 and Income recognition, Asset Classification and Provisioning (IRACP) Norms (including provision on standard assets). The impairment allowances under Ind AS 109 made by the Company exceeds the total provision required under IRACP (including standard asset provisioning) and accordingly, no amount is required to be transferred to impairment reserve.

AK. On November 12, 2021, the Reserve Bank of India (RBI) had issued circular no. RBI/2021-2022/125 DOR.STR. REC.68/21.04.048/2021-22, requiring changes to and clarifying certain aspects of Income Recognition, Asset Classification and Provisioning norms (IRACP norms) pertaining to Advances. On February 15, 2022, RBI had issued circular no. RBI/2021-2022/158 DOR.STR.REC.85/21.04.248/2021-22, providing time till September 30, 2022. Accordingly, the Company will implement the updated norms under IRACP w.e.f. October 01, 2022.

49. Analytical ratios

a) Liquidity Coverage Ratio (LCR)

As per the Guidelines on Liquidity Risk Management Framework for NBFCs issued by RBI vide notification no. RBI/2019-20/88 DOR.NBFC (PD) CC. No.102/03.10.001/2019-20, all non-deposit taking NBFCs with asset size more than INR 5,000 crores are required to maintain Liquidity Coverage Ratio (LCR) from December 1, 2020, with the minimum LCR to be 30%, progressively increasing, till it reaches the required level of 100%, by December 1, 2024.

₹ in Lakhs

Particulars	High Quality Liquid Assets ("HQLA")	Net cash outflows	Current period	Previous reporting period	Variance	Reasons for variance (if above 25%)
Quarter ended March 31, 2022	3,076.41	1,019.88	302%	162%	86%	Increase on account of equity infusion during the year and deployment in HQLA assets
Quarter ended March 31, 2021	1,518.58	937.86	162%	130%	25%	-

b) Capital adequacy ratios

₹ in Lakhs

Particulars	Tier I Capital/ Tier II Capital/ Total Capital	Risk-weighted assets	Current period	Previous reporting period	Variance	Reasons for variance (if above 25%)
As at March 31, 2022						
CRAR	33,581.47	44,658.62	75.20%	58.86%	28%	Increase on account of equity infusion during the intervening period
CRAR - Tier I Capital	33,581.47	44,658.62	75.20%	58.86%		
CRAR - Tier II Capital	-	-	-	-	-	
As at March 31, 2021						
CRAR	19,669.00	33,416.35	58.86%	53.94%	9%	-
CRAR - Tier I Capital	19,669.00	33,416.35	58.86%	53.94%		
CRAR - Tier II Capital	-	-	-	-	-	

₹ in Lakhs

Particulars	Debt securities	Borrowings (other than debt securities)
50. Change in liabilities arising from financing activities		
As at March 31, 2020	**1,07,886.42**	**1,28,482.89**
Cash flows (net)	22,158.93	84,103.62
Others*	333.21	(445.39)
As at March 31, 2021	**130,378.55**	**212,141.12**
Cash flows (net)	(31,097.32)	(58,192.09)
Others*	1,572.14	1,080.72
As at March 31, 2022	**100,853.38**	**1,55,029.75**

* Others column includes the effect of interest accrued but not due, amortization of processing fees etc.

51. Impact of Covid-19 Pandemic

The COVID–19 pandemic resulted in significant volatility in financial markets and a decrease in global and India's economic activities in FY 2021 and early FY 2022. Consequent lockdowns and varying restrictions imposed by the central and various state governments had led to disruptions and dislocations of individuals and businesses. However, with the gradual lifting of the lockdown restrictions during the year, the operations of the Company have returned to normal levels of activity. The Company has been lending actively to its customers and has also implemented its restructuring package based on the Reserve Bank of India's restructuring package announced in this regard. The overall financial metrices of the Company have improved from the prior year and the Company has made adequate expected credit loss provisions on its loan in accordance with accounting principles in India and accordingly in the opinion of the Company the impact of COVID 19 on its financial metrices are no longer significantly uncertain. The Company has evaluated the impact of COVID-19 on the business and operations of the Company as at March 31, 2022 and is of the view that it does not have any material impact on the financial results of the Company on the basis of the facts and events upto the date of approval of these financial statements/results.

However, in view of the dynamic nature of the pandemic, the Company will continue to monitor future events / developments that may result in an adverse effect on the business and operations of the Company.

52. Other statutory information

(i) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Group for holding any Benami property.

(ii) The company does not have transactions with companies struck off under Section 248 of the Companies Act, 2013 or section 560 of the Companies Act, 1956.

(iii) The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period,

(iv)The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

(v) The Company borrows funds from various Banks and financial institutions for the purpose of onward lending to end customers as per the terms of such borrowings. These transactions are part of the Company's normal lending activities, which is conducted after exercising proper due diligence including adherence to the terms of credit policies and other relevant guidelines.

Other than the nature of transactions described above.

i. No funds have been advanced or loans or invested by the Company to or in any other person(s) or entity(ies) ("intermediaries") with the understanding that the Intermediary shall lend or invest in party identified by or on behalf of the Company ("Ultimate beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
ii. The Company has not received any fund from any party(s) (Funding Party) with the understanding that the Company shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Company ("Ultimate beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(vi) The Company does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961)

(vii) The Company is not declared as wilful defaulter by any bank or financial institution or any other lender.

As per our report of even date
For **S.R.Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm registration number: 101049W/E300004

per Bharath N S
Membership No: 210934

Place of signature: Chennai
Date: April 27, 2022

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

D Lakshmipathy
Chairman & Managing Director
DIN : 01723269

R Anand
Independent Director
DIN : 00243485

G Srikanth
Chief Financial Officer

K Rangarajan
Chief Executive Officer

B Shalini
Company Secretary
ACS: A51334

Place: Chennai
Date: April 27, 2022

FIVE STAR
Business Finance Limited

Five-Star Business Finance Limited
New No.27, Old No.4, Taylor's Road,
Kilpauk, Chennai - 600 010.
Phone: 044-46106200
www.fivestargroup.in

FIVE STAR
Business Finance Limited

CHALLENGE ACCEPTED 2.0

...resilience under uncertainty

Annual Report
2020 - 2021

FIVE STAR
Business Finance Limited

Vision

Reaching the Unreached through suitable credit solutions

Mission

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

Corporate Information

Board of Directors

D Lakshmipathy

A Ramanathan

R Anand

Bhama Krishnamurthy

B Haribabu

L R Raviprasad

Thirulokchand Vasan

Vikram Vaidyanathan

G V Ravishankar

Sanjeev Mehra

Gaurav Trehan

Board Observer

Niren Shah

Key Managerial Personnel

K Rangarajan - CEO

G Srikanth - CFO

B Shalini - Company Secretary

Statutory Auditors

B S R & Co. LLP

KRM Tower, 1st and 2nd Floor,

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

Internal Auditors

Sundaram & Srinivasan

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

T Nagar, Chennai - 600017

Secretarial Auditor

S Sandeep & Associates

F – 20, Gemini Parsn Apts,

448/ 599, Cathderal Garden Road, Nungambakkam,

Chennai – 600006

Registrar and Transfer Agents

NSDL Database Management Limited

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

Lower Parel, Mumbai – 400013

Registered Office

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

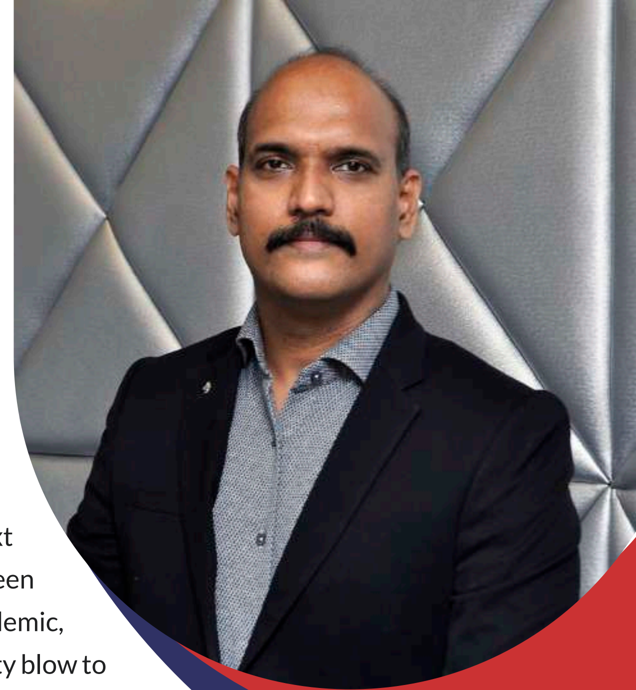
Kilpauk, Chennai - 600010

CIN: U65991TN1984PLC010844

Contents

CHAIRMAN'S MESSAGE

Message from The Chairman & Managing Director



Dear Shareholders,

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

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

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

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

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

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

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

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

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

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

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

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

ஊழையும் உப்பக்கம் காண்பர் உலைவின்றித்
தாழாது உஞற்று பவர்

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

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

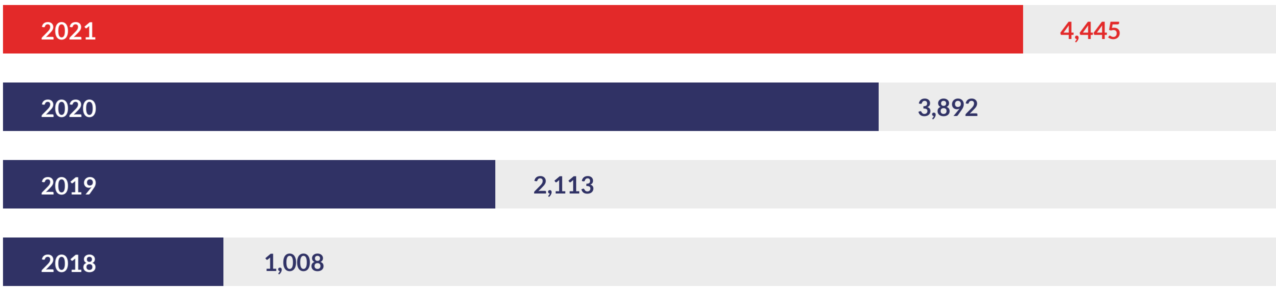
Best Wishes
D Lakshmipathy
Chairman and Managing Director

BUSINESS HIGHLIGHTS

Business Highlights

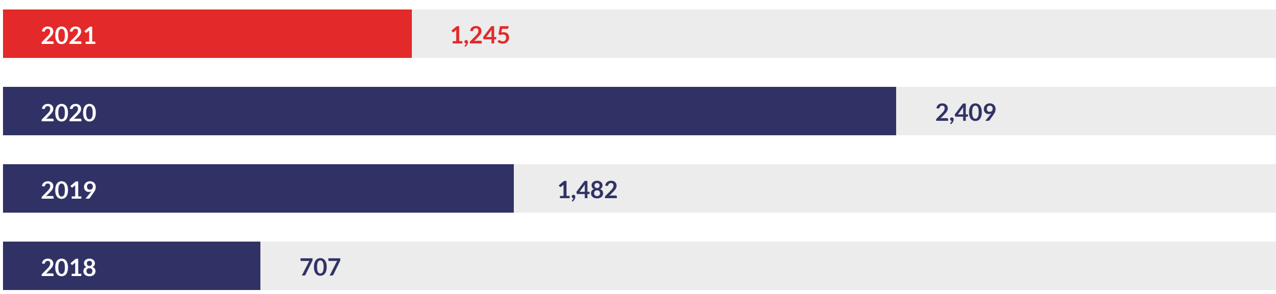
LOAN PORTFOLIO

(In Crores)



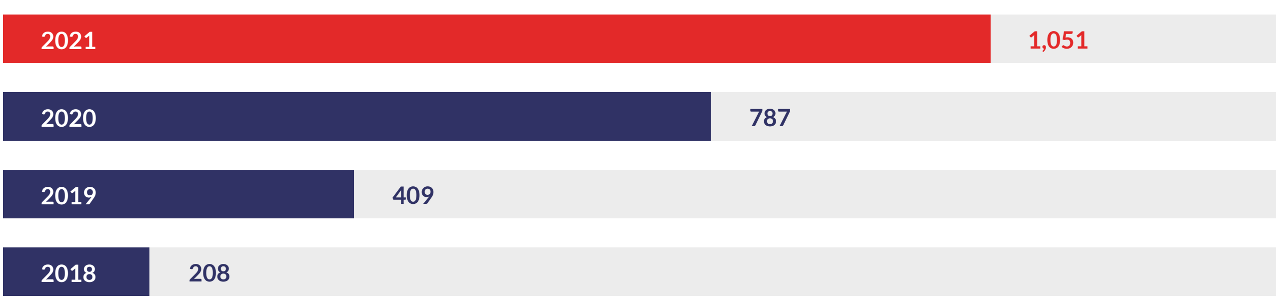
LOAN DISBURSEMENTS

(In Crores)



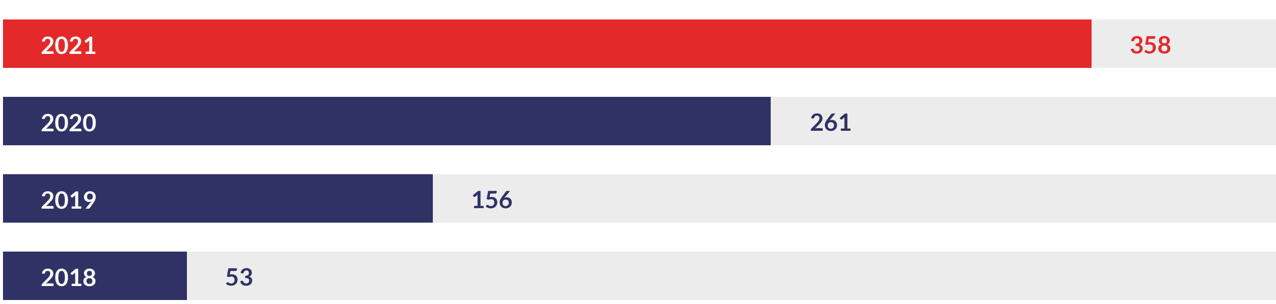
REVENUES

(In Crores)

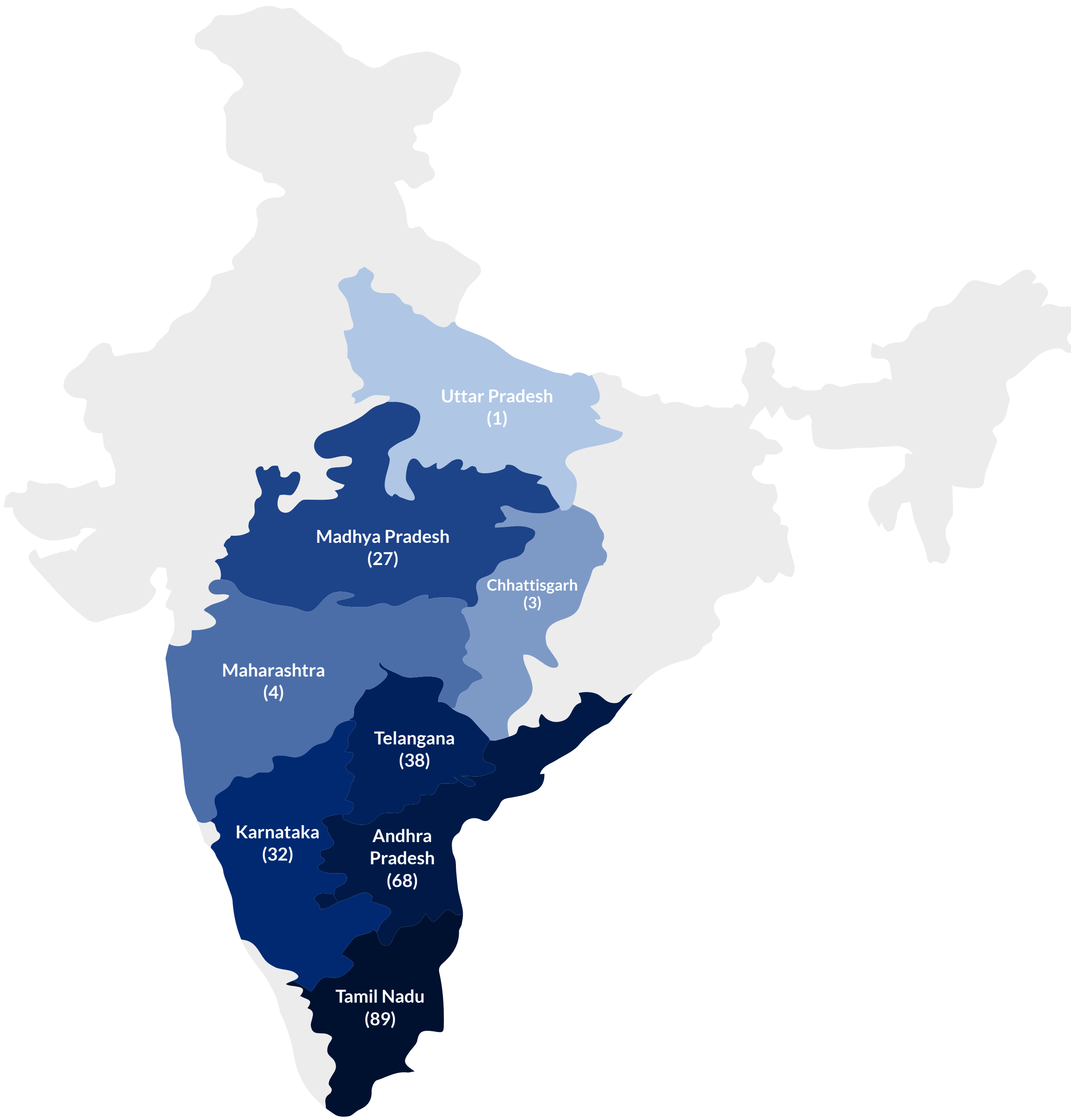


PROFIT AFTER TAX (PAT)

(In Crores)



Branches


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

Lending Relationships

Banks

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

NBFC

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

Others

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

BOARD OF DIRECTORS

Board of Directors

D Lakshmipathy | Chairman & Managing Director

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

A Ramanathan | Independent Director

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

R Anand | Independent Director

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

Bhama Krishnamurthy | Independent Director

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

B Haribabu | Independent Director

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

L R Raviprasad | Non-Executive Director

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

V Thirulokchand | Non-Executive Director

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

Vikram Vaidyanathan | Investor Director - Matrix Partners

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

G V Ravishankar | Investor Director - SCI Investments V

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

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

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

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

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

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

Niren Shah | Board Observer - Norwest Venture Partners

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

DIRECTORS' REPORT

Directors' Report

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

1. Financial Results - Financial Highlights

₹ in Lakhs

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

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

2. State of Company's Affairs and Future Outlook

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

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

Loan Assets

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

Branch Network

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

Income, Profit & Networth

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

Asset Quality

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

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

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

Prospects

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

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

Statutory and Regulatory Compliances

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

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

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

Credit Rating

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

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

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

3. Change in Nature of Business

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

4. Dividend

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

5. Transfer to Reserves

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

6. Changes in Share Capital and Debentures

During the financial year, your Company has:

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

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

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

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

7. Employee Stock Option Schemes

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

8. Annual Return

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

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

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

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

10. Related Party Transactions

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

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

11. Material Changes Affecting the Financial Position of the Company

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

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

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

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

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

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

14. Risk Management Policy

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

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

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

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

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

15. Human Resource Development

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

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

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

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

16. Directors

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

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

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

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

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

17. Key Managerial Personnel

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

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

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

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

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

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

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

19. Internal Financial Controls

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

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

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

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

20. Deposits

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

21. Declaration from Independent Directors

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

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

22. Auditors

Statutory Auditors

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

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

Internal Auditor

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

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

Secretarial Auditor

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

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

23. Maintenance of cost records and cost audit

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

24. Information Technology

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

25. Corporate Social Responsibility (CSR)

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

26. Formal Annual Evaluation

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

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

27. Whistle Blower Policy & Vigil Mechanism

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

28. Board & its Committees

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

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

29. Corporate Governance

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

30. Management Discussion Analysis

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

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

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

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

32. Particulars of Employees and Related Disclosures

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

33. Impact of COVID 19 Pandemic

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

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

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

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

34. Directors' Responsibility Statement

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

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

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

Acknowledgement

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

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

Place: Chennai
Date: May 28, 2021

1. FIVE-STAR ASSOCIATE STOCK OPTION SCHEME, 2015

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

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

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

2. FIVE STAR ASSOCIATE STOCK OPTION SCHEME, 2018

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

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

a) Options approved to be issued as ESOPs: 5,00,000
b) Options granted: 4,11,000*
c) Options vested: 1,800
d) Options exercised: 1,800
e) The total number of shares arising as a result of exercise of option: 1,800
f) Options lapsed / Surrendered: Nil
g) Variation of terms of options: Nil
h) Total number of options in force: 5,00,000
i) Money realized by exercise of options: Rs 12.13 lakhs
j) Employee wise details of options granted to:
(i) Key managerial personnel: Mr K Rangarajan - Chief Executive Officer - 3,00,000* options and Mr G Srikanth –Chief Financial Officer - 75,000 options
(ii) Any other employee who receives a grant of options in any one year of option amounting to 5 per cent or more of options granted during that year: Nil
(iii) Identified employees who were granted option, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant: Mr K Rangarajan - Chief Executive Officer - 3,00,000* options

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

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

Place: Chennai
Date: May 28, 2021

Annexure B

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

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

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

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, the explanations and clarifications given to us and the representations made by the Management and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India on account of the outbreak of Covid-19 pandemic we hereby report that in our opinion, the Company has, during the audit, period covering the financial year ended on 31st March, 2021, generally complied with the statutory provisions listed hereunder, and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

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

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

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

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

- The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client and ESOP.

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

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

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

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

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

We further report that:

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

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

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

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

Place: Chennai
Date: May 22, 2021
UDIN: F005853B000308606
Peer Review Certificate No.: 1116/2021

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

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

Annexure I

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

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

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

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

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

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

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

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

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

Place: Chennai
Date: May 22, 2021

Annexure C

ANNUAL REPORT ON CSR ACTIVITIES FOR FINANCIAL YEAR 2020-21

1. Brief outline on CSR Policy of the Company:

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

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

2. Composition of CSR Committee:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

d) Amount spent in Administrative Overheads: Nil

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

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

g) Excess amount for set off if any: Nil

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

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

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

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

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

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

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

Place: Chennai
Date: May 28, 2021

CORPORATE GOVERNANCE REPORT

Annexure D

CORPORATE GOVERNANCE REPORT

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

Company Philosophy

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

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

Board of Directors

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

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

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

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

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

Changes in Board of Directors

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

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

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

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

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

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

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

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

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

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

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

Independent Directors

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

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

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

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

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

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

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

Code of Conduct

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

Committees of the Board

Audit Committee

Composition and Meetings

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

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

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

Terms of reference:

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

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

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

The Committee shall mandatorily review the following information:

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

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

Nomination & Remuneration Committee

Composition and Meetings

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

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

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

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

Terms of Reference

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

Business & Resource Committee

Composition and Meetings

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

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

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

Terms of Reference

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

Asset Liability Committee

Composition and Meetings

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

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

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

Terms of Reference

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

Corporate Social Responsibility Committee

Composition and Meetings

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

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

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

Terms of Reference

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

Risk Management Committee

Composition and Meetings

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

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

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

Terms of Reference

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

IT Strategy Committee

Composition and Meetings

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

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

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

Terms of Reference

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

Stakeholders Relationship Committee

Composition and Meetings

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

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

Terms of Reference

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

Remuneration of Directors

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

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

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

Commission to Non-Executive Directors

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

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

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

Remuneration to Chairman & Managing Director

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

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

CMD/CEO/CFO Certification

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

General Body Meetings

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

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

General Shareholder Information

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

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

Shareholding pattern as on March 31, 2021

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

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

Place: Chennai
Date: May 28, 2021

MANAGEMENT DISCUSSION ANALYSIS

Annexure E

MANAGEMENT DISCUSSION ANALYSIS

1. Macro-Economic Overview

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

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

2. Industry Overview

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

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

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

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

3. Operating Environment

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

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

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

4. Market Opportunity

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

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

5. Five Star – An overview

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

[1]IFC MSME Definition

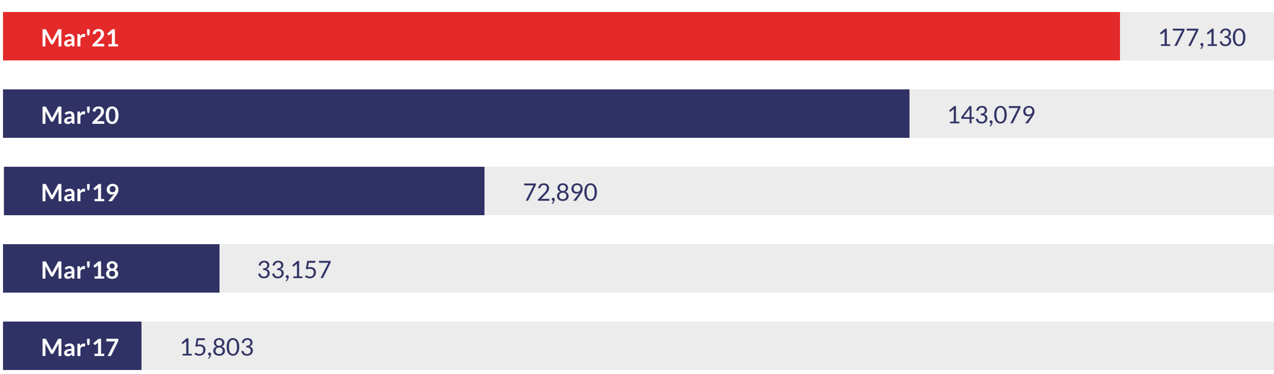
Enterprise Size	No of employees	Total assets	Total annual sales
Micro	<10	Less than INR 6.5 million (USD 100,000)	Less than INR 6.5 million (USD 100,000)
Small	10 – 50	INR 6.5-195 million (USD 100,000-3 million)	INR 6.5-195 million (USD 100,000-3 million)
Medium	50 – 300	INR 195-975 million (USD 3-15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

Business Growth

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

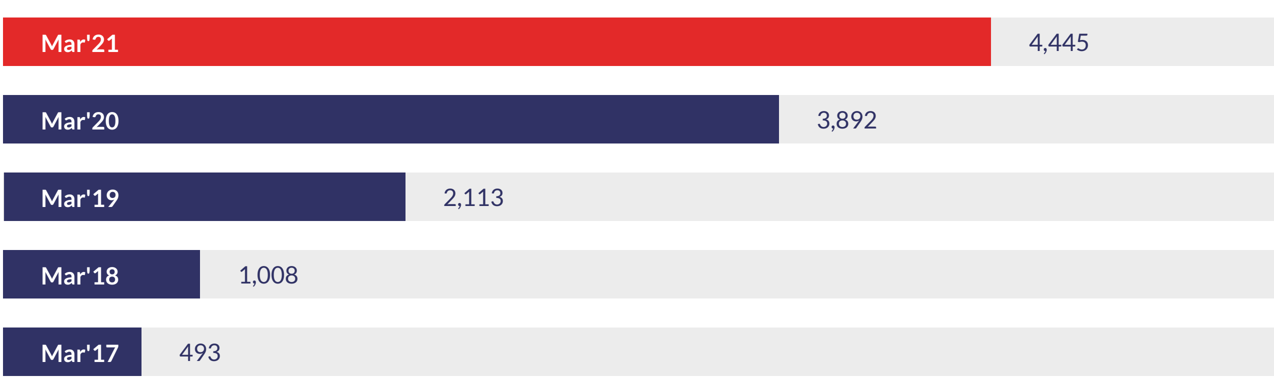
Starting from September 2020, the Company also scaled up its business and disbursals leading to a good quantum of disbursals during the financial year. The AUM grew by 14% during the year on the back of a full year disbursal of INR 1,245 Crores. The graph below depicts the AUM for the last 5 years, and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

Borrower Base



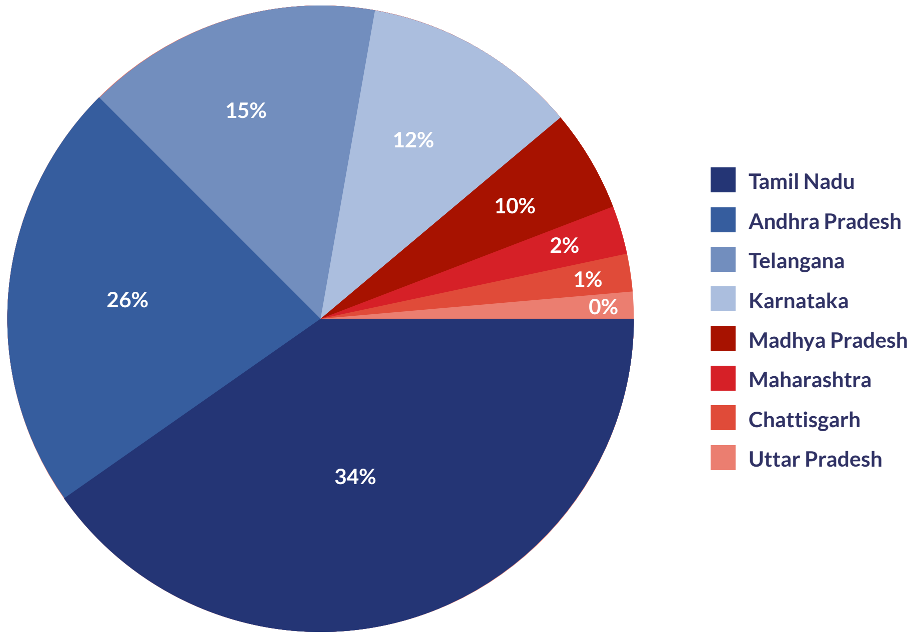
Loan Portfolio

(In Crores)



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

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



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

Collections & Asset Quality

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

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

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

6. Operational & Financial Metrics

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

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

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

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

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

Some of the operational and financial highlights are given below.

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

7. Strengthening Liability Profile

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

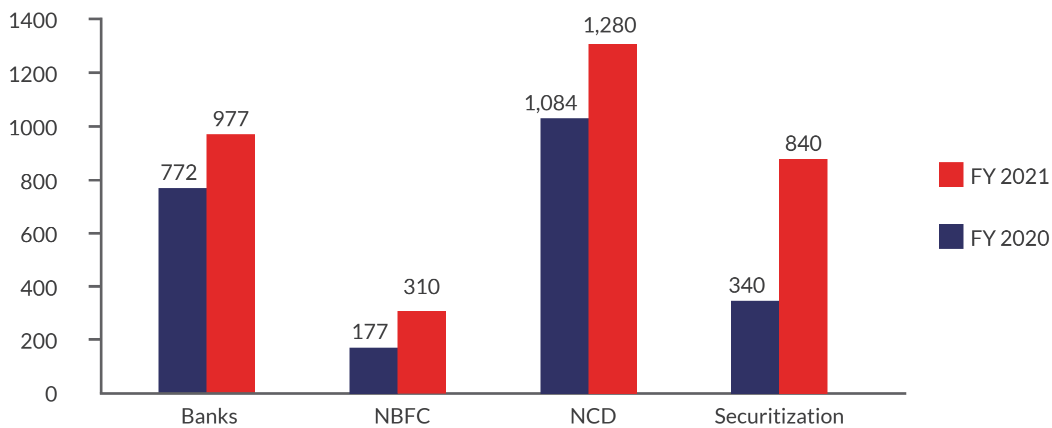
RBI came out with liquidity support measures in the form of Targeted Long Term Repo Operations (TLTRO), Partial Credit Guarantee

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

[2]AUM is without netting off the ECL

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

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



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

8. Asset-Liability Management:

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

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

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

9. Human Resources:

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

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

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

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

10. Technology:

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

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

11. Risk Management and Audit Framework:

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

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

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

Internal Financial Controls:

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

D Lakshmipathy
Chairman & Managing Director
DIN: 01723269

Place: Chennai
Date: May 28, 2021

Annexure F

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

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

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

* Excluding sitting fees

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

^Increase in remuneration is excluding stock options

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

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

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

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

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

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

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

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

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

The remuneration is excluding stock options.

FINANCIAL STATEMENTS

Auditor's Report

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

Opinion

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

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

Basis for Opinion

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

Emphasis of matter

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

Our opinion is not modified in respect of this matter.

Key Audit Matters

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

Key Audit Matter	How the matter was addressed in our audit

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

Recognition and measurement of impairment of loans involve significant management judgement

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

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

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

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

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

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

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

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

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

2. As required by Section 143(3) of the Act, we report that:

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

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

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

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

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

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

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

i) The Company has disclosed the impact of pending litigations as at 31 March 2021 on its financial position in its financial statements - Refer Note 34 to the financial statements;

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

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

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

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

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

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

Place: Chennai
Date: May 28, 2021

K Raghuram
Partner
Membership No. 211171
UDIN: 21211171AAAAAR8241

Annexure A to the Independent Auditors' Report

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

(referred to in our report of even date)

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

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

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

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

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

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

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

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

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

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, goods and services tax, cess and other material statutory dues were in arrears as at 31 March 2021 for a period of more than six months from the date they became payable.

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

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

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

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

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

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

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

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

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

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

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

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

K Raghuram
Partner
Membership No. 211171
UDIN: 21211171AAAAAR8241

Place: Chennai
Date: May 28, 2021

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

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

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

Opinion

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

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

Emphasis of Matter

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

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

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial controls with Reference to Financial Statements

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

Inherent Limitations of Internal Financial controls with Reference to Financial Statements

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

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

K Raghuram
Partner
Membership No. 211171
UDIN: 21211171AAAAAR8241

Place: Chennai
Date: May 28, 2021

Balance Sheet as at March 31, 2021

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

₹ in Lakhs

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

Balance Sheet as at March 31, 2021

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

₹ in Lakhs

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

See accompanying notes to the financial statements

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

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

K Raghuram
Partner
Membership No: 211171

D Lakshmipathy
Chairman & Managing Director
DIN : 01723269

R Anand
Director
DIN : 00243485

G Srikanth
Chief Financial Officer

K Rangarajan
Chief Executive Officer

B Shalini
Company Secretary
ACS: A51334

Place: Chennai
Date: May 28, 2021

Place: Chennai
Date: May 28, 2021

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

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

₹ in Lakhs

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

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

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

₹ in Lakhs

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

See accompanying notes to the financial statements

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

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

K Raghuram
Partner
Membership No: 211171

D Lakshmipathy
Chairman & Managing Director
DIN : 01723269

R Anand
Director
DIN : 00243485

G Srikanth
Chief Financial Officer

K Rangarajan
Chief Executive Officer

B Shalini
Company Secretary
ACS: A51334

Place: Chennai
Date May 28, 2021

Place: Chennai
Date: May 28, 2021

Statement of Changes in Equity for the year ended March 31, 2021

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

₹ in Lakhs

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

B. Other Equity

₹ in Lakhs

	Reserves and surplus					Other comprehensive income	
	Statutory reserve	Securities premium	Employee stock option reserve	General reserve	Retained earnings	Re-measurements of defined benefit plan	Total
As at April 1, 2019	**5,622.81**	**107,313.93**	**490.27**	**719.60**	**19,976.24**	**-**	**134,122.85**
Premium received on shares issued during the year	-	31,755.27	-	-	-	-	**31,755.27**
Total comprehensive income for the year	-	-	-	-	26,195.04	(111.35)	**26,083.69**
Transfer to statutory reserve	5,239.01	-	-	-	(5,239.01)	-	-
Transfer to retained earnings	-	-	-	-	(111.35)	111.35	-
Share based payment expense for the year	-	-	168.03	-	-	-	**168.03**
Utilised on issue	-	-	(230.00)	-	-	-	**(230.00)**
As at March 31, 2020	**10,861.82**	**139,069.20**	**428.30**	**719.60**	**40,820.92**	**-**	**191,899.84**
As at April 1, 2020	**10,861.82**	**139,069.20**	**428.30**	**719.60**	**40,820.92**	**-**	**191,899.84**
Premium received on shares issued during the year	-	165.26	-	-	-	-	**165.26**
Total comprehensive income for the year	-	-	-	-	35,899.44	(78.78)	**35,820.66**
Transfer to statutory reserve	7,179.89	-	-	-	(7,179.89)	-	-
Transfer to retained earnings	-	-	-	-	(78.78)	78.78	-
Share based payment expense for the year	-	-	1,509.39	-	-	-	**1,509.39**
Utilised on issue	-	-	(142.42)	-	-	-	**(142.42)**
As at March 31, 2021	**18,041.71**	**139,234.46**	**1,795.27**	**719.60**	**69,461.69**	**-**	**229,252.73**
Significant accounting policies		2 and 3					

See accompanying notes to the financial statements

As per our report of even date
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Firm's registration number: 101248W/W-100022

K Raghuram
Partner
Membership No: 211171

Place : Chennai
Date : May 28, 2021

For and on behalf of the Board of Directors of
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Place: Chennai
Date: May 28, 2021

Cash Flow Statement for the year ended March 31, 2021

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

₹ in Lakhs

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

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

₹ in Lakhs

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

₹ in Lakhs

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

2. Change in liabilities arising from financing activities

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

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

Significant accounting policies 2 and 3

See accompanying notes to the financial statements

As per our report of even date
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For and on behalf of the Board of Directors of
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Chief Financial Officer

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B Shalini
Company Secretary
ACS: A51334

Place: Chennai
Date May 28, 2021

Place: Chennai
Date: May 28, 2021

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

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

1. Reporting entity

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

2. Basis of preparation

2.1. Statement of compliance

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

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

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

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

2.2. Presentation of financial statements

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

"The Company presents its balance sheet in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non–current) is presented separately.

Financial assets and financial liabilities are generally reported gross in the balance sheet. They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event, the parties also intend to settle on a net basis.

2.3. Functional and presentation currency

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

2.4. Basis of measurement

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

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

2.5. Use of estimates and judgements

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

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

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

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

i). Business model assessment

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

ii). Fair value of financial instruments

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

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

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

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

iv). Impairment of financial asset

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

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

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

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

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

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

v). Provisions and other contingent liabilities

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

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

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

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

vi). Leases

The estimates and judgements related to leases include:

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

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

vii). Other assumptions and estimation uncertainities

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

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

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

iii) Recognition of deferred taxes.

3. Significant accounting policies

3.1. Revenue Recognition

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

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

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

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.
Step 5: Recognise revenue when (or as) the Company satisfies a performance obligation.

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

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

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

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

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

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

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

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

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

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

3.2. Financial instrument - initial recognition

A. Date of recognition

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

B. Initial measurement of financial instruments

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

C. Measurement categories of financial assets and liabilities

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

(i). Amortised cost

(ii). FVOCI

(iii). FVTPL

3.3. Financial assets and liabilities

A. Financial assets

Business model assessment

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

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

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

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

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

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

SPPI test

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

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

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

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

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

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

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

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

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

3.3. Financial assets and liabilities

B. Financial liabilities

i). Initial recognition and measurement

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

ii). Subsequent measurement

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

3.4. Reclassification of financial assets and liabilities

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

3.5. Derecognition of financial assets and liabilities

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

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

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

i). Financial Assets

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

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

ii). Financial Liability

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

3.6. Impairment of financial assets

A. Overview of ECL principles

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

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

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

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

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

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

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

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

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

B. Calculation of ECLs

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

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

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

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

The mechanics of the ECL method are summarised below:
Stage 1: The 12 months ECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Company calculates the 12 months ECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-months default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR.
Stage 2: When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECLs. The mechanics are similar to those explained above, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.
Stage 3: For loans considered credit-impaired, the Company recognises the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.
C. Forward looking information
In its ECL models, the Company relies on a broad range of forward looking macro parameters and estimated the impact on the default at a given point of time. (Also Refer Note No: 51)

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

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

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

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

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

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

3.9. Foreign currency transactions

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

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

3.10. Property, plant and equipment

i. Recognition and measurement

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

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

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

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

ii. Subsequent expenditure

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

iii. Depreciation

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

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

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

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

3.11. Intangible assets

i. Recognition & Measurement

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

ii. Subsequent expenditure

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

iii. Amortisation

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

Asset category	Estimated Useful life
Computer softwares	5 years

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

3.12. Employee benefits

i. Post-employment benefits

Defined contribution plan

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

Defined benefit plans

Gratuity

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

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

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

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

ii. Other long-term employee benefits

Compensated absences

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

iii. Short-term employee benefits

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

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

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

iv. Stock based compensation

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

3.13. Provisions, contingent liabilities and contingent assets

Provisions

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

Contingent liability

A possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or; present obligation that arises from past events where it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability are disclosed as contingent liability and not provided for.

Contingent asset

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non- occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are neither recognised nor disclosed in the financial statements.

3.14. Leases

Effective April 1, 2019, the Company has adopted Ind-AS 116 - Leases and applied it to all lease contracts existing on 01 April 2019 using the modified retrospective method. Based on the same and as permitted under the specific transitional provisions in the standard, the Company is not required to restate the figures prior to April 1, 2019.

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:
- Leases of low value assets; and
- Leases with a duration of 12 months or less.

The following policies apply subsequent to the date of initial application, April 1, 2019.

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term.The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable and amounts expected to be paid under residual value guarantees.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

The Company recognises right-of-use assets at the commencement date of the lease (i.e.the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Company determines the lease term as the initial period agreed in the lease agreement , together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the initial period agreed in the lease agreement.

3.15. Income tax

Income tax comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income.

i. Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

ii. Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits. Deferred tax is not recognised for temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction; temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets – unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

3.16. Borrowing cost

Borrowing costs are interest and other costs incurred in connection with the borrowings of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalized as part of the cost of the asset. Other borrowings costs are recognized as an expense in the statement of profit and loss account on an accrual basis using the effective interest method.

3.17. Cash and cash equivalents

Cash and cash equivalents comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

3.18. Segment reporting- Identification of segments:

An operating segment is a component of the Company that engages in business activities from which it many earn revenues and incur expenses, whose operating results are regularly reviewed by the Company's Chief Operating Decision Maker (CODM) to make decisions for which discrete financial information is available. Based on the management approach as defined in Ind AS 108 Operating Segments, the CODM evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by business segements and geographic segments.

3.19. Earnings per share

The Company reports basic and diluted earnings per equity share in accordance with Ind AS 33, Earnings Per Share. Basic earnings per equity share is computed by dividing net profit / loss after tax attributable to the equity share holders for the year by the weighted average number of equity shares outstanding during the year. Diluted earnings per equity share is computed and disclosed by dividing the net profit/ loss after tax attributable to the equity share holders for the year after giving impact of dilutive potential equity shares for the year by the weighted average number of equity shares and dilutive potential equity shares outstanding during the year, except where the results are anti-dilutive.

3.20. Cash flow statement

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non–cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, financing and investing activities of the Company are segregated. Cash flows in foreign currencies are accounted at the actual rates of exchange prevailing at the dates of the transactions.

3.21. Impairment of non-financial assets

The Company determines periodically whether there is any indication of impairment of the carrying amount of its non-financial assets. The recoverable amount (higher of net selling price and value in use) is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. The recoverable amounts of such asset are estimated, if any indication exists and impairment loss is recognized wherever the carrying amount of the asset exceeds its recoverable amount. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

3.22. Standards issued but not yet effective

On March 24, 2021, the Ministry of Corporate Affairs (""MCA"") through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from April 1, 2021. Key amendments relating to Division III which relate to companies whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015 are:

Balance Sheet:

• Certain additional disclosures in the statement of changes in equity such as changes in equity share capital due to prior period errors and restated balances at the beginning of the current reporting period.

• Specified format for disclosure of shareholding of promoters.

• Specified format for ageing schedule of trade receivables, trade payables, capital work-in-progress and intangible asset under development.

• If a company has not used funds for the specific purpose for which it was borrowed from banks and financial institutions, then disclosure of details of where it has been used.

• Specific disclosure under 'additional regulatory requirement' such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of company, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties, details of benami property held etc.

Statement of profit and loss:

• Additional disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency specified under the head 'additional information' in the notes forming part of the standalone financial statements.

The amendments are extensive, and the Company will evaluate the same to give effect to them as required by law.

Notes forming part of the financial statements for the year ended March 31, 2021

(All amounts are in Indian Rupees in lakhs, except share data and stated otherwise)

₹ in Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
4. Cash and cash equivalents		
Cash on hand	425.85	57.75
Balances with banks		
(i) In current accounts	31,454.90	13,050.95
(ii) In other deposit accounts (original maturity less than 3 months)	94,837.53	15,869.25
Total	**126,718.28**	**28,977.95**
5. Bank Balances other than cash and cash equivalents		
Fixed deposit with bank	8,850.03	16,129.41
In earmarked accounts		
Unclaimed Dividend account	3.96	5.53
Total	**8,853.99**	**16,134.94**

Note: Fixed deposits amounting to INR 7642.57 lakhs (March 31,2020: 2405.63 lakhs) have been provided as credit enhancement for securitisation transactions.

Particulars	As at March 31, 2021	As at March 31, 2020
6. Loans (At amotised cost)		
A. Based on nature		
Term Loans		
Gross term loans	**444,538.09**	**389,222.85**
Less: Impairment loss allowance	8,663.15	6,142.41
Net term loans	**435,874.94**	**383,080.44**
B. Based on security		
Secured by tangible assets	444,538.09	389,222.85
Unsecured	-	-
Gross term loans	**444,538.09**	**389,222.85**
Less: Impairment loss allowance	8,663.15	6,142.41
Net term loans	**435,874.94**	**383,080.44**
C. Based on region		
Loans in India		
Public sector	-	-
Others	444,538.09	389,222.85
Less: Impairment loss allowance	8,663.15	6,142.41
Total	**435,874.94**	**383,080.44**
Loans outside India		
Less: Impairment loss allowance	-	-
Total	**435,874.94**	**383,080.44**

Note: Secured exposures are secured wholly by mortgage of property.

₹ in Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
7. Other financial assets		
Unsecured, considered good		
Security deposits	369.56	363.22
Other receivables	104.78	161.35
Total	**474.34**	**524.57**
8. Current tax assets (net)		
Advance income tax, net of provision	795.79	435.46
	795.79	435.46
9. Investment Property		
Cost or deemed cost (Gross carrying amount)		
Balance at the beginning of the year	3.56	3.56
Acquisitions	-	-
Transfer from property, plant and equipment	-	-
Balance at the end of the year	**3.56**	**3.56**
Accumulated depreciation		
Balance at the beginning of the year	-	-
Depreciation for the year	-	-
Balance at the end of the year	**-**	**-**
Net carrying amounts	**3.56**	**3.56**
Fair value	**6.86**	**6.86**
10. Other non-financial assets		
Capital advances	42.62	72.76
Prepaid expenses	331.14	404.87
Balance with government authorities	79.01	70.99
	452.77	**548.62**

11. Property, plant and equipment and capital work-in-progress

₹ in Lakhs

Particulars	Furniture and fittings	Computers and accessories	Office equipments	Vehicles	Leasehold improvements	Total
Cost or deemed cost (gross carrying amount)						
As at March 31, 2019	**384.20**	**393.26**	**105.94**	**39.26**	**398.65**	**1,321.31**
Additions / Transfer-in	225.42	478.46	152.77	-	6.30	862.95
Disposals / Transfer-out	4.20	-	0.16	-	-	4.36
As at March 31, 2020	**605.42**	**871.72**	**258.55**	**39.26**	**404.95**	**2,179.90**
Additions / Transfer-in	133.72	81.28	59.00	-	0.05	274.05
Disposals / Transfer-out	10.14	0.47	0.06	-	-	10.67
As at March 31, 2021	**729.00**	**952.53**	**317.49**	**39.26**	**405.00**	**2,443.28**
Accumulated depreciation						
As at March 31, 2019	**109.22**	**212.16**	**47.37**	**20.63**	**187.52**	**576.90**
Depreciation for the year	100.42	250.33	54.75	5.78	88.46	499.74
On disposals	2.81	-	0.02	-	-	2.83
As at March 31, 2020	**206.83**	**462.49**	**102.10**	**26.41**	**275.98**	**1,073.81**
Depreciation for the year	119.92	277.81	83.94	3.96	45.62	531.25
On disposals	6.99	0.34	0.05	-	-	7.38
As at March 31, 2021	**319.76**	**739.96**	**185.99**	**30.37**	**321.60**	**1,597.68**
Carrying amount (net)						
As at March 31, 2020	**398.59**	**409.23**	**156.45**	**12.85**	**128.97**	**1,106.09**
As at March 31, 2021	**409.24**	**212.57**	**131.50**	**8.89**	**83.40**	**845.60**

12. Other Intangible assets

₹ in Lakhs

Particulars	Softwares	Total
Cost or deemed cost (gross carrying amount)		
As at March 31, 2019	**295.92**	**295.92**
Additions / Transfer-in	59.75	59.75
Disposals / Transfer-out	-	-
As at March 31, 2020	**355.67**	**355.67**
Additions / Transfer-in	50.31	50.31
Disposals / Transfer-out	-	-
As at March 31, 2021	**405.98**	**405.98**
Accumulated amortisation		
As at March 31, 2019	**94.12**	**94.12**
Amortisation for the year	68.75	68.75
On disposals	-	-
As at March 31, 2020	**162.87**	**162.87**

₹ in Lakhs

Particulars	Softwares	Total
Amortisation for the year	52.81	52.81
On disposals	-	-
As at March 31, 2021	**215.68**	**215.68**
Carrying amount (net)		
As at March 31, 2020	**192.80**	**192.80**
As at March 31, 2021	**190.30**	**190.30**

₹ in Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
13. Payables		
13.1. Trade payables		
total outstanding dues of micro and small enterprises	-	-
total outstanding dues of creditors other than micro and small enterprises	662.40	292.69
14.1. Debt securities (refer note 15.1)		
At amortised cost		
Secured debentures		
Nil, (March 31, 2020 - 750) 11.45% redeemable, non-convertible debentures of INR 1 lakh each	-	753.99
Nil, (March 31, 2020 - 1,250) 11.45% redeemable, non-convertible debentures of INR 1 lakh each	-	1,259.79
Nil, (March 31, 2020 - 300) 13.60% redeemable, non-convertible debentures of INR 10 lakh each	-	894.41
1,350 (March 31, 2020 - 2000), 10.30% redeemable, non-convertible debentures of INR 10 lakh each	20,022.58	20,022.51
Nil, (March 31, 2020 - 300) 11.50% redeemable, non-convertible debentures of INR 10 lakh each	-	2,338.01
Nil, (March 31, 2020 - 240) 11.25% redeemable, non-convertible debentures of INR 10 lakh each	-	2,422.00
Nil, (March 31, 2020 - 450) 11.50% redeemable, non-convertible debentures of INR 10 lakh each	-	3,507.02
Nil, (March 31, 2020 - 5000) 12.64% redeemable, non-convertible debentures of INR 10 lakh each	-	50,051.80
1000, (March 31, 2020 - 1000) 12.64% redeemable, non-convertible debentures of INR 10 lakh each	10,020.46	10,010.92
30,000,000, (March 31, 2020 - 30,000,000) 11.40% redeemable, non-convertible debentures of INR 10 lakh each	3,001.09	3,001.08
2000, (March 31, 2020 - 2000) 12.28% redeemable, non-convertible debentures of INR 10 lakh each	2,510.58	2,222.32

₹ in Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
1250, (March 31, 2020 - 1250) 11.88% redeemable, non-convertible debentures of INR 10 each	12,637.71	12,641.63
Nil, (March 31, 2020 - 420) 12.50% redeemable, non-convertible debentures of INR 10 lakh each	-	0.60
Nil, (March 31, 2020 - 3,300) 12.50% redeemable, non-convertible debentures of INR 10 lakh each	-	4.75
Nil, (March 31, 2020 - 450) 12.50% redeemable, non-convertible debentures of INR 100 each	-	0.65
Nil, (March 31, 2020 - 180) 12.50% redeemable, non-convertible debentures of INR 100 each	-	0.26
Nil, (March 31, 2020- 100) 12.50% redeemable, non-convertible debentures of INR 100 each	-	0.14
150 lakhs, (March 31, 2020 - Nil) 12.75% redeemable, non-convertible debentures of INR 100 each	1,500.52	-
150, (March 31, 2020 - Nil) 10.50% redeemable, non-convertible debentures of INR 100 each	1,631.32	-
250, (March 31, 2020 - Nil) 11.00% redeemable, non-convertible debentures of INR 10 lakhs each	2,515.07	-
500, (March 31, 2020 - Nil) 11.00% redeemable, non-convertible debentures of INR 10 lakhs each	5,105.48	-
150, (March 31, 2020 - Nil) 11.00% redeemable, non-convertible debentures of INR 10 lakhs each	1,531.64	-
500, (March 31, 2020 - Nil) 11.00% redeemable, non-convertible debentures of INR 10 lakhs each	5,105.48	-
500, (March 31, 2020 - Nil) 9.75% redeemable, non-convertible debentures of INR 10 lakhs each	5,363.29	-
500, (March 31, 2020 - Nil) 9.75% redeemable, non-convertible debentures of INR 10 lakhs each	5,325.89	-
500, (March 31, 2020 - Nil) 9.75% redeemable, non-convertible debentures of INR 10 lakhs each	5,325.89	-
250, (March 31, 2020 - Nil) 9.50% redeemable, non-convertible debentures of INR 10 lakhs each	2,645.75	-
250, (March 31, 2020 - Nil) 9.50% redeemable, non-convertible debentures of INR 10 lakhs each	2,645.75	-
2500, (March 31, 2020- Nil) 10.05% redeemable, non-convertible debentures of INR 1 lakh each	2,647.77	-
700, (March 31, 2020 - Nil) 10.91% redeemable, non-convertible debentures of INR 10 lakhs each	7,004.41	-
250, (March 31, 2020 - Nil) 9.50% redeemable, non-convertible debentures of INR 10 lakhs each	2,586.54	-
750, (March 31, 2020 - Nil) 8.88% redeemable, non-convertible debentures of INR 10 lakhs each	7,695.17	-

₹ in Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
500, (March 31, 2020 - Nil) 8.88% redeemable, non-convertible debentures of INR 10 lakhs each	5,128.88	-
2000, (March 31, 2020 - Nil) 9.84% redeemable, non-convertible debentures of INR 1 lakh each	2,058.30	-
2000, (March 31, 2020- Nil) 10.12% redeemable, non-convertible debentures of INR 1 lakh each	2,059.95	-
1500 (March 31, 2020 - Nil) 8.65% redeemable, non-convertible debentures of INR 10 lakh each	15,221.28	-
Total	**131,290.80**	**109,131.88**
Less: Unamortised processing fee	(912.25)	(1,245.46)
Total	**130,378.55**	**107,886.42**
Debts securities in India	130,378.55	107,886.42
Debts securities outside India	-	-
Total	**130,378.55**	**107,886.42**

15. Borrowings (other than debt securities) (refer note 15.1)

At amortised cost		
Term loans (secured)		
From banks	97,972.03	77,589.54
From other parties	31,055.14	17,725.22
Borrowings Under Securitization	84,282.94	34,088.33
Loans repayable on demand (secured)		
From banks	196.60	-
Total	**213,506.71**	**129,403.09**
Less: Unamortised processing fee	(1,365.59)	(920.20)
Total	**212,141.12**	**128,482.89**
Borrowings in India	212,141.12	128,482.89
Borrowings outside India	-	-
Total	**212,141.12**	**128,482.89**

Loans repayable on demand includes on cash credit and working capital demand loans from banks which are secured by specific charge on identified receivables. As at 31 March 2021, the rate of interest across the cash credit and working capital demand loans was in the range of 9.25% p.a to 11.45% p.a (March 31, 2020 - 10.20% p.a to 12.00% p.a)

The Company has not defaulted in the repayment of the borrowings (including debt securities).

15.1. Details of terms of redemption/repayment and security provided in respect of debt securities and borrowings

₹ in Lakhs

Particulars	Repayment terms	Tenor	Earliest installment date	As at March 31, 2021	As at March 31, 2020
Secured debentures					
Nil, (March 31, 2020 - 750) 11.45% redeemable, non-convertible debentures of INR 1 lakh each	Principal payment frequency: Repayable in 48 months in 9 quarterly installments Coupon payment frequency: Monthly	48 months	April 15, 2019	-	753.99
Nil, (March 31, 2020 - 1,250) 11.45% redeemable, non-convertible debentures of INR 1 lakh each	Principal payment frequency: Repayable in 48 months in 9 quarterly installments Coupon payment frequency: Monthly	48 months	March 7, 2019	-	1,259.79
Nil, (March 31, 2020 - 300) 13.60% redeemable, non-convertible debentures of INR 10 lakh each	Principal payment frequency: Repayable in 60 months in 7 half-yearly installments Coupon payment frequency: Half Yearly	60 months	December 6, 2017	-	894.41
2,000 (March 31, 2020 - 2000), 10.30% redeemable, non-convertible debentures of INR 10 lakh each	Principal payment frequency: Repayable in 4 quarterly installments Coupon payment frequency: Quarterly	60 months	June 28, 2022	20,022.58	20,022.51
Nil, (March 31, 2020 - 300) 11.50% redeemable, non-convertible debentures of INR 10 lakh each	Principal payment frequency: Repayable in 4 quarterly installments Coupon payment frequency: Half Yearly	48 months	March 30, 2020	-	2,338.01
Nil, (March 31, 2020 - 240) 11.25% redeemable, non-convertible debentures of INR 10 lakh each	Principal payment frequency: Entire principal repayable at maturity Coupon payment frequency: Half Yearly	48 months	February 28, 2021	-	2,422.00
Nil, (March 31, 2020 - 450) 11.50% redeemable, non-convertible debentures of INR 10 lakh each	Principal payment frequency: Repayable in 4 quarterly installments Coupon payment frequency: Half Yearly	48 months	March 30, 2020	-	3,507.02
Nil, (March 31, 2020 - 5000) 12.64% redeemable, non-convertible debentures of INR 10 lakh each	Principal payment frequency: Repayable in 12 monthly installments Coupon payment frequency: Quarterly	36 months	April 29, 2021	-	50,051.80
1000, (March 31, 2020 - 1000) 12.64% redeemable, non-convertible debentures of INR 10 lakh each	Principal payment frequency: Repayable in 12 monthly installments Coupon payment frequency: Quarterly	36 months	April 29, 2021	10,020.46	10,010.92
300 lakhs, (March 31, 2020 - 300 lakhs) 11.40% redeemable, non-convertible debentures of INR 10 each	Principal payment frequency: Entire principal repayable at maturity Coupon payment frequency: Monthly	60 months	April 11, 2024	3,001.09	3,001.08

15.1. Details of terms of redemption/repayment and security provided in respect of debt securities and borrowings

₹ in Lakhs

Particulars	Repayment terms	Tenor	Earliest installment date	As at March 31, 2021	As at March 31, 2020
2000, (March 31, 2020 - 2000) 12.28% redeemable, non-convertible debentures of INR 1 lakh each	Principal payment frequency: Entire principal repayable at maturity Coupon payment frequency: Entire interest repayable at maturity	38 months	July 3, 2022	2,510.58	2,222.32
1250, (March 31, 2020 - 1250) 11.88% redeemable, non-convertible debentures of INR 10 lakh each	Principal payment frequency: Entire principal repayable at maturity Coupon payment frequency: Half Yearly	72 months	August 28, 2025	12,637.71	12,641.63
Nil, (March 31, 2020 - 420) 12.50% redeemable, non-convertible debentures of INR 100 each	Principal payment frequency: Entire principal repayable at maturity Coupon payment frequency: Entire interest repayable at maturity	36 months	November 19, 2014	-	0.60
Nil, (March 31, 2020 - 3,300) 12.50% redeemable, non-convertible debentures of INR 100 each	Principal payment frequency: Entire principal repayable at maturity Coupon payment frequency: Entire interest repayable at maturity"	36 months	April 14, 2015	-	4.75
Nil, (March 31, 2020 - 450) 12.50% redeemable, non-convertible debentures of INR 100 each	Principal payment frequency: Entire principal repayable at maturity Coupon payment frequency: Entire interest repayable at maturity	36 months	May 24, 2015	-	0.65
Nil, (March 31, 2020 - 180) 12.50% redeemable, non-convertible debentures of INR 100 each	Principal payment frequency: Entire principal repayable at maturity Coupon payment frequency: Entire interest repayable at maturity	12 months	August 2, 2013	-	0.26
Nil, (March 31, 2020 - 100) 12.50% redeemable, non-convertible debentures of INR 100 each	Principal payment frequency: Entire principal repayable at maturity Coupon payment frequency: Entire interest repayable at maturity	36 months	December 12, 2015	-	0.14
150 lakhs, (March 31, 2020 - Nil) 12.75% redeemable, non-convertible debentures of INR 10 each	Principal payment frequency: Repayable yearly in 4 installments Coupon payment frequency: Quarterly	72 months	March 31, 2023	1,500.52	-
150, (March 31, 2020- Nil) 10.50% redeemable, non-convertible debentures of INR 10 lakh each	Principal payment frequency: Entire principal repayable at maturity Coupon payment frequency: Yearly	36 months	May 26, 2023	1,631.32	-

15.1. Details of terms of redemption/repayment and security provided in respect of debt securities and borrowings

₹ in Lakhs

Particulars	Repayment terms	Tenor	Earliest installment date	As at March 31, 2021	As at March 31, 2020
250, (March 31, 2020 - Nil) 11.00% redeemable, non-convertible debentures of INR 10 lakh each	Principal payment frequency: Entire principal repayable at maturity Coupon payment frequency: Quarterly	36 months	June 12, 2023	2,515.07	-
500, (March 31, 2020 - Nil) 11.00% redeemable, non-convertible debentures of INR 10 lakh each	Principal payment frequency: Entire principal repayable at maturity Coupon payment frequency: Quarterly	33 months	April 21, 2023	5,105.48	-
150, (March 31, 2020 - Nil) 11.00% redeemable, non-convertible debentures of INR 10 lakh each	Principal payment frequency: Entire principal repayable at maturity Coupon payment frequency: Quarterly	33 months	April 21, 2023	1,531.64	-
500, (March 31, 2020 - Nil) 11.00% redeemable, non-convertible debentures of INR 10 lakh each	Principal payment frequency: Entire principal repayable at maturity Coupon payment frequency: Quarterly	33 months	April 21, 2023	5,105.48	-
500, (March 31, 2020 - Nil) 9.75% redeemable, non-convertible debentures of INR 10 lakh each	Principal payment frequency: Entire principal repayable at maturity Coupon payment frequency: Half Yearly	18 months	January 3, 2022	5,363.29	-
500, (March 31, 2020 - Nil) 9.75% redeemable, non-convertible debentures of INR 10 lakh each	Principal payment frequency: Entire principal repayable at maturity Coupon payment frequency: Half Yearly	18 months	January 31, 2022	5,325.89	-
500, (March 31, 2020 - Nil) 9.75% redeemable, non-convertible debentures of INR 10 lakh each	Principal payment frequency: Entire principal repayable at maturity Coupon payment frequency: Half Yearly	18 months	January 31, 2022	5,325.89	-
250, (March 31, 2020 - Nil) 9.50% redeemable, non-convertible debentures of INR 10 lakh each	Principal payment frequency: Entire principal repayable at maturity Coupon payment frequency: Half Yearly	18 months	February 21, 2022	2,645.75	-
250, (March 31, 2020 - Nil) 9.50% redeemable, non-convertible debentures of INR 10 lakh each	Principal payment frequency: Entire principal repayable at maturity Coupon payment frequency: Half Yearly	18 months	February 21, 2022	2,645.75	-
2500, (March 31, 2020 - Nil) 10.05% redeemable, non-convertible debentures of INR 1 lakh each	Principal payment frequency: Entire principal repayable at maturity Coupon payment frequency: Entire interest repayable at maturity	30 months	February 28, 2023	2,647.77	-

15.1. Details of terms of redemption/repayment and security provided in respect of debt securities and borrowings

₹ in Lakhs

Particulars	Repayment terms	Tenor	Earliest installment date	As at March 31, 2021	As at March 31, 2020
700, (March 31, 2020 - Nil) 10.91% redeemable, non-convertible debentures of INR 10 lakh each	Principal payment frequency: Entire principal repayable at maturity Coupon payment frequency: Half Yearly	36 months	September 30, 2023	7,004.41	-
250, (March 31, 2020 - Nil) 9.50% redeemable, non-convertible debentures of INR 10 lakh each	Principal payment frequency: Entire principal repayable at maturity Coupon payment frequency: Yearly	18 months	May 19, 2022	2,586.54	-
750, (March 31, 2020 - Nil) 8.88% redeemable, non-convertible debentures of INR 10 lakh each	Principal payment frequency: Entire principal repayable at maturity Coupon payment frequency: Entire interest repayable at maturity	24 months	December 16, 2022	7,695.17	-
500, (March 31, 2020 - Nil) 8.88% redeemable, non-convertible debentures of INR 10 lakh each	Principal payment frequency: Entire principal repayable at maturity Coupon payment frequency: Entire interest repayable at maturity	24 months	December 17, 2022	5,128.88	-
2000, (March 31, 2020 - Nil) 9.84% redeemable, non-convertible debentures of INR 1 lakh each	Principal payment frequency: Entire principal repayable at maturity Coupon payment frequency: Entire interest repayable at maturity	15 months	March 15, 2022	2,058.30	-
2000, (March 31, 2020 - Nil) 10.12% redeemable, non-convertible debentures of INR 1 lakh each	Principal payment frequency: Entire principal repayable at maturity Coupon payment frequency: Entire interest repayable at maturity	30 months	June 15, 2023	2,059.95	-
1500 (March 31, 2020 - Nil) 8.65% redeemable, non-convertible debentures of INR 10 lakh each	Principal payment frequency: Entire principal repayable at maturity Coupon payment frequency: Entire interest repayable at maturity	27 months	April 30, 2023	15,221.28	-
Total				**131,290.80**	**109,131.88**

All debentures are secured by pari passu charge on immoveable property and exclusive first charge on book debts with security cover ranging from 1 to 1.25 times of the outstanding amount at any point in time

₹ in Lakhs

Particulars	Repayment terms	Tenor	Earliest installment date	As at March 31, 2021	As at March 31, 2020
Term loans from banks					
Term Loan 1	Repayable in 48 monthly installments	48 months	April 15, 2017	3.73	506.23
Term Loan 2	Repayable in 60 monthly installments	60 months	March 3, 2019	2,231.74	3,003.52
Term Loan 3	Repayable in 36 monthly installments	36 months	May 1, 2019	1,093.91	2,103.68
Term Loan 4	Repayable in 20 quarterly installments	60 months	June 30, 2019	3,000.88	4,001.17
Term Loan 5	Repayable in 36 monthly installments	36 months	February 5, 2019	705.38	1,555.17
Term Loan 6	Repayable in 36 monthly installments	36 months	April 5, 2018	0.18	556.95
Term Loan 7	Repayable in 36 monthly installments	36 months	May 5, 2018	36.53	398.66
Term Loan 8	Repayable in 48 monthly installments	48 months	April 23, 2018	-	250.00
Term Loan 9	Repayable in 48 monthly installments	48 months	April 23, 2018	246.38	492.75
Term Loan 10	Repayable in 60 monthly installments	60 months	December 5, 2015	-	8.63
Term Loan 11	Repayable in 36 monthly installments	36 months	May 7, 2017	-	35.12
Term Loan 12	Repayable in 56 monthly installments	60 months	July 28, 2016	-	118.21
Term Loan 13	Repayable in 12 quarterly installments	36 months	May 28, 2018	-	672.14
Term Loan 14	Repayable in 34 monthly installments	36 months	September 30, 2017	-	264.78
Term Loan 15	Repayable in 34 monthly installments	36 months	May 21, 2018	-	647.23
Term Loan 16	Repayable in 40 monthly installments	42 months	September 30, 2018	1,125.31	2,625.73
Term Loan 17	Repayable in 34 monthly installments	36 months	May 18, 2019	1,618.10	3,383.30
Term Loan 18	Repayable in 12 quarterly installments	39 months	August 9, 2017	-	42.04
Term Loan 19	Repayable in 60 monthly installments	60 months	May 2, 2016	-	122.40
Term Loan 20	Repayable in 9 half-yearly installments	60 months	March 28, 2018	111.11	222.22
Term Loan 21	Repayable in 58 monthly installments	60 months	April 30, 2017	696.67	1,483.50
Term Loan 22	Repayable in 36 monthly installments	36 months	May 5, 2018	70.19	911.45
Term Loan 23	Repayable in 60 monthly installments	60 months	January 30, 2020	2,319.44	2,876.76
Term Loan 24	Repayable in 60 monthly installments	60 months	April 30, 2020	2,938.92	4,024.74
Term Loan 25	Repayable in 36 monthly installments	36 months	May 31, 2019	1,625.00	3,125.00
Term Loan 26	Repayable in 36 monthly installments	36 months	June 30, 2019	1,178.21	2,187.66
Term Loan 27	Repayable in 57 monthly installments	60 months	September 30, 2019	666.76	877.46
Term Loan 28	Repayable in 48 monthly installments	48 months	July 29, 2019	843.75	1,218.75
Term Loan 29	Repayable in 33 monthly installments	36 months	December 30, 2019	1,288.64	2,197.58
Term Loan 30	Repayable in 36 monthly installments	36 months	September 25, 2019	951.84	1,627.41
Term Loan 31	Repayable in 60 monthly installments	62 months	January 30, 2020	15,258.90	19,506.73
Term Loan 32	Repayable in 36 monthly installments	36 months	May 1, 2020	2,803.14	4,000.00
Term Loan 33	Repayable in 57 monthly installments	60 months	June 25, 2020	369.42	3,751.00
Term Loan 34	Repayable in 57 monthly installments	60 months	June 25, 2020	2,732.60	757.53

₹ in Lakhs

Particulars	Repayment terms	Tenor	Earliest installment date	As at March 31, 2021	As at March 31, 2020
Term Loan 35	Repayable in 57 monthly installments	60 months	June 25, 2020	546.82	501.51
Term Loan 36	Repayable in 36 monthly installments	36 months	February 5, 2020	1,833.81	2,834.11
Term Loan 37	Repayable in 36 monthly installments	36 months	March 5, 2020	1,341.66	2,041.67
Term Loan 38	Repayable in 12 monthly installments	37 months	May 26, 2020	1,277.59	1,917.27
Term Loan 39	Repayable in 60 monthly installments	60 months	December 5, 2018	536.56	739.48
Term Loan 40	Repayable in 34 monthly installments	36 Months	August 16, 2020	2,677.22	-
Term Loan 41	Repayable in 34 monthly installments	36 Months	September 30, 2020	3,177.35	-
Term Loan 42	Repayable in 20 quarterly installments	60 months	February 28, 2021	3,778.00	-
Term Loan 43	Repayable in 48 monthly installments	52 months	October 1, 2020	1,358.37	-
Term Loan 44	Repayable in 34 monthly installments	36 Months	December 31, 2020	4,333.32	-
Term Loan 45	Repayable in 46 monthly installments	48 Months	November 25, 2020	2,249.47	-
Term Loan 46	Repayable in 36 monthly installments	36 Months	November 30, 2020	2,153.38	-
Term Loan 47	Repayable in 36 monthly installments	36 Months	December 10, 2020	2,240.03	-
Term Loan 48	Repayable in 48 monthly installments	48 Months	February 5, 2021	2,221.13	-
Term Loan 49	Repayable in 36 monthly installments	36 Months	March 23, 2021	2,427.10	-
Term Loan 50	Repayable in 36 monthly installments	36 Months	January 31, 2021	916.67	-
Term Loan 51	Repayable in 33 monthly installments	36 Months	May 31, 2021	2,500.00	-
Term Loan 52	Repayable in 60 monthly installments	60 Months	March 3, 2021	1,981.96	-
Term Loan 53	Repayable in 35 monthly installments	35 Months	July 31, 2021	2,500.00	-
Term Loan 54	Repayable in 36 monthly installments	36 Months	April 30, 2021	500.00	-
Term Loan 55	Repayable in 36 monthly installments	36 Months	April 30, 2021	7,501.79	-
Term Loan 56	Repayable in 48 monthly installments	48 Months	May 1, 2021	6,003.07	-
Total				**97,972.03**	**77,589.54**

All the above loans are secured by an exclusive first charge on book debts with security cover ranging from 1.05 to 1.33 times of the outstanding amount at any point in time.

As at March 31, 2021, the rate of interest across term loans from banks was in the range of 8.70% p.a to 11.60% p.a (March 31, 2020- 9.36% p.a to 11.60% p.a)

₹ in Lakhs

Particulars	Repayment terms	Tenor	Earliest installment date	As at March 31, 2021	As at March 31, 2020
Term loans from others					
Term loans from others 1	Repayable in 10 quarterly installments	36 months	November 30, 2018	0.11	800.20
Term loans from others 2	Repayable in 48 monthly installments	48 months	February 11, 2019	1,146.13	1,771.29
Term loans from others 3	Repayable in 60 monthly installments	60 months	May 1, 2019	688.59	864.35
Term loans from others 4	Repayable in 48 monthly installments	48 months	January 29, 2019	989.11	1,471.44
Term loans from others 5	Repayable in 16 quarterly installments	48 months	April 28, 2017	-	324.41
Term loans from others 6	Repayable in 20 quarterly installments	63 months	September 1, 2019	879.00	1,149.16
Term loans from others 7	Repayable in 60 monthly installments	60 months	November 22, 2015	-	64.92
Term loans from others 8	Repayable in 60 monthly installments	60 months	April 22, 2017	370.77	702.22
Term loans from others 9	Repayable in 36 monthly installments	36 months	March 20, 2019	310.95	650.12
Term loans from others 10	Repayable in 60 monthly installments	60 months	April 27, 2019	333.47	421.71
Term loans from others 11	Repayable in 20 quarterly installments	60 months	February 29, 2020	1,125.32	1,425.40
Term loans from others 12	Repayable in 36 monthly installments	36 months	January 22, 2020	622.44	928.43
Term loans from others 13	Repayable in 36 monthly installments	36 months	February 22, 2020	1,948.07	2,857.97
Term loans from others 14	Repayable in 3 annual installments	36 months	February 1, 2021	1,875.00	2,500.00
Term loans from others 15	Repayable in 48 monthly installments	48 months	March 5, 2020	573.01	769.32
Term loans from others 16	Repayable in 30 monthly installments	30 months	April 30, 2019	-	310.00
Term loans from others 17	Repayable in 42 monthly installments	48 months	June 30, 2018	428.57	714.28
Term loans from others 18	Repayable in 36 monthly installments	36 months	May 27, 2020	1,818.08	-
Term loans from others 19	Repayable in 8 monthly installments	10 months	September 10, 2020	501.92	-
Term loans from others 20	Repayable in 36 monthly installments	36 months	January 20, 2021	919.59	-
Term loans from others 21	Repayable in 36 monthly installments	36 months	January 20, 2021	919.59	-
Term loans from others 22	Repayable in 36 monthly installments	36 months	January 20, 2021	919.59	-
Term loans from others 23	Repayable in 36 monthly installments	36 months	January 20, 2021	919.59	-
Term loans from others 24	Repayable in 36 monthly installments	36 months	January 20, 2021	919.59	-
Term loans from others 25	Repayable in 36 monthly installments	36 months	January 31, 2021	2,750.68	-
Term loans from others 26	Repayable in 30 monthly installments	32 months	February 3, 2021	3,790.83	-
Term loans from others 27	Repayable in 36 monthly installments	36 months	April 30, 2021	1,800.00	-
Term loans from others 28	Repayable in 49 monthly installments	49 months	April 1, 2021	2,005.14	-
Term loans from others 29	Repayable in 48 monthly installments	48 months	June 1, 2021	2,500.00	-
Total				**84,282.94**	**34,088.33**

All the above loans are secured by an exclusive first charge on book debts with security cover ranging from 1 to 1.2 times of the outstanding amount at any point in time As at March 31, 2021, the rate of interest across term loans from others was in the range of 6.32% p.a to 11.75% p.a (March 31, 2020- 9.75% p.a to 13.25% p.a)

₹ in Lakhs

Particulars	Repayment terms	Tenor	Earliest installment date	As at March 31, 2021	As at March 31, 2020
Borrowings Under Securitization					
Borrowings Under Securitization 1	Repayable in 33 monthly installments	35 months	August 16, 2019	2,022.30	6,439.89
Borrowings Under Securitization 2	Repayable in 59 monthly installments	59 months	September 17, 2019	4,706.73	8,132.78
Borrowings Under Securitization 3	Repayable in 64 monthly installments	65 months	February 17, 2020	8,243.35	12,780.24
Borrowings Under Securitization 4	Repayable in 40 monthly installments	40 months	March 21, 2020	3,150.42	6,735.42
Borrowings Under Securitization 5	Repayable in 60 monthly installments	60 months	May 15, 2020	6,958.17	-
Borrowings Under Securitization 6	Repayable in 60 monthly installments	60 months	July 15, 2020	7,121.09	-
Borrowings Under Securitization 7	Repayable in 65 monthly installments	65 months	August 14, 2020	6,423.15	-
Borrowings Under Securitization 8	Repayable in 55 monthly installments	55 months	November 20, 2020	7,174.06	-
Borrowings Under Securitization 9	Repayable in 59 monthly installments	60 months	January 16, 2021	3,946.03	-
Borrowings Under Securitization 10	Repayable in 48 monthly installments	48 months	January 15, 2021	2,225.94	-
Borrowings Under Securitization 11	Repayable in 60 monthly installments	61 months	February 21, 2021	13,989.98	-
Borrowings Under Securitization 12	Repayable in 61 monthly installments	61 months	February 18, 2021	3,261.92	-
Borrowings Under Securitization 13	Repayable in 57 monthly installments	57 months	April 21, 2021	6,815.79	-
Borrowings Under Securitization 14	Repayable in 53 monthly installments	53 months	April 16, 2021	8,244.01	-
Total				**84,282.94**	**34,088.33**

*Refer Note No 47-AB, 47-AC for security and credit enhancement details pertaining to borrowings from securitisation arrangements. As at March 31, 2021, the rate of interest across term loans from others was in the range of 9.15% p.a to 11.00% p.a (March 31, 2020- 9.75% p.a to 11.00% p.a)

₹ in Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
16. Other financial liabilities		
Unpaid dividends	3.96	5.53
Lease liability	1,529.37	1,555.33
Others*	183.68	7.24
Total	**1,717.01**	**1,568.10**
*Others include unspent corporate social responsibility fund amounting to INR 150.00 lakhs (March 31, 2020 - Nil)		
17. Current tax liabilities (net)		
Provision for tax (net)	-	74.80
Total	**-**	**74.80**
18. Provisions		
Provision for employee benefits		
Provision for gratuity	254.78	247.10
Provision for compensated absences	465.02	330.51
Total	**719.80**	**577.61**
19. Other non-financial liabilities		
Statutory dues payable	487.39	530.54
Employee related payables	1232.88	1,074.58
Total	**1,720.27**	**1,605.12**
20. Equity share capital		
Authorised		
5,50,00,000 shares (March 31, 2020 - 5,50,00,000) of INR 10 each	5,500.00	5,500.00
Issued, subscribed and fully paid up		
25,473,144 shares (March 31, 2020 - 25,410,294) of INR 10 each fully paid up	2,547.31	2,541.03
17,17,597 shares (March 31, 2020 - 17,17,597) of INR 10 each (partly paid up - INR 1 each paid up)	17.18	17.18

Reconciliation of shares outstanding at the beginning and at the end of the reporting period

	As at March 31, 2021		As at March 31, 2020	
	Number of shares	Amount in Lakhs of INR	Number of shares	Amount in Lakhs of INR
As at beginning of the year	27,127,891	2,558.21	23,899,582	2,389.96
Shares issued in exercise of employee stock options	62,850	6.28	178,450	17.85
Shares issued	-	-	3,049,859	150.40
As at the end of the year	27,190,741	2,564.49	27,127,891	2,558.21

Terms/rights attached to Equity Shares:

The Company has a single class of equity shares. Accordingly all equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time subject to payment of dividend to preference shareholders. Dividends are paid in Indian Rupees. Dividend proposed by the board of directors, if any, is subject to the approval of the shareholders at the General Meeting, except in the case of interim dividend.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders to the extent the shares are paid up.

Shares reserved for issue under options

Information relating to employee Stock Option Scheme, 2015 including the details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the reporting period, is set out in note 41.

Details of shareholders holding more than 5% shares in the company

Name of shareholder	As at March 31, 2021	
	Number of shares	% of total shares in class
TPG Asia VII SF Pte. Ltd.	6,110,673	22.47
Matrix Partners India Investment Holdings II, LLC	4,100,999	15.08
D. Lakshmipathy	3,710,771	13.65
NHPEA Chocolate Holding B.V	3,598,051	13.23
Norwest Venture Partners X - Mauritius	2,569,650	9.45
SCI Investments V	2,569,650	9.45
L. Hema	2,089,060	7.68

Name of shareholder	As at March 31, 2020	
	Number of shares	% of total shares in class
TPG Asia VII SF Pte. Ltd.	6,110,673	22.53
Matrix Partners India Investment Holdings II, LLC	4,100,999	15.12
D Lakshmipathy	3,710,771	13.68
NHPEA Chocolate Holding B.V	3,598,051	13.26
Norwest Venture Partners X - Mauritius	2,569,650	9.47
SCI Investments V	2,569,650	9.47
L Hema	2,089,060	7.70

₹ in Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
21. Other Equity		
Statutory reserve	18,041.71	10,861.82
Share options outstanding account	1,795.27	428.30
Securities premium	139,234.46	139,069.20
General reserve	719.60	719.60
Retained earnings	69,461.69	40,820.92
Other comprehensive income	-	-
Total	**229,252.73**	**191,899.84**
i. Statutory reserve		
Opening balance	10,861.82	5,622.81
Amount transferred from surplus in the statement of profit and loss	7,179.89	5,239.01
Closing balance	**18,041.71**	**10,861.82**

As per Section 45-IC of the Reserve Bank of India Act, 1934, the Company is required to create a reserve fund at the rate of 20% of the net profit after tax of the Company every year. Accordingly, the Company has transferred an amount of INR 7,179.89 lakhs (March 31, 2020: INR 5,239.01 lakhs), out of the profit after tax for the year ended March 31, 2021 to Statutory Reserve. As described in note 50 , Five-Star Housing Finance Private Limited, the wholly owned subsidiary amalgamated with the Company with appointed date under the aforesaid Scheme as April 1, 2019. The wholly owned subsidiary has surrendered its Certificate of Registration to carry on the business of housing finance institution to National Housing Bank (NHB) on June 5, 2020. The statutory reserve maintained by the wholly owned subsidiary under section 29C of the National Housing Bank Act, 1987 (As at March 31, 2019 - INR 18.81 lakhs, including the transfer of INR 7.21 lakhs in the year ended March 31, 2019) has been subsumed in the statutory reserve maintained by the Company. No appropriation of any sum from this reserve fund shall be made by the non-banking financial company except for the purpose as may be specified by RBI.

₹ in Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
ii. Share options outstanding account		
Opening balance	428.30	490.27
Share based payment expense	1,509.39	168.03
Less : Transfer to securities premium	142.42	230.00
Closing balance	**1,795.27**	**428.30**

The Company has established equity-settled share based payment plans for certain categories of employees of the Company. Refer note 41 for further details of these plans.

iii. Securities premium		
Opening balance	139,069.20	107,313.93
Premium on shares issued during the period	165.26	31,755.27
Closing balance	**139,234.46**	**139,069.20**

Securities premium is used to record the premium received on issue of shares. It is utilised in accordance with provisions of Companies Act, 2013.

₹ in Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
iv. General reserve		
Opening balance	719.60	719.60
Amount transferred from surplus in the statement of profit and loss	-	-
Closing balance	**719.60**	**719.60**

General reserve are free reserves which can be utilised for any purpose as may be required.

Particulars	As at March 31, 2021	As at March 31, 2020
v. Retained earnings		
Opening balance	40,820.92	19,976.24
Net Profit for the year	35,899.44	26,195.04
Less: Transfer to Statutory reserve	7,179.89	5,239.01
Transfer from other comprehensive income	(78.78)	(111.35)
Closing balance	**69,461.69**	**40,820.92**

Retained earning is the accumulated available profit of the Company carried forward from earlier years. These reserve are free reserves which can be utilised for any purpose as may be required.

Particulars	As at March 31, 2021	As at March 31, 2020
vi. Other comprehensive income		
Opening balance	-	-
Remeasurements of defined benefit asset/ (liability)	(78.78)	(111.35)
Transferred to retained earnings	78.78	111.35
Closing balance	**-**	**-**

Remeasurement of the net defined benefit liabilities comprise actuarial gain or loss, if any.

₹ in Lakhs

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
22. Interest income		
(On financial assets measured at amortised cost)		
Interest on loans	99,550.11	71,795.80
Interest on deposits with banks	1,937.47	2,886.62
Total	**101,487.58**	**74,682.42**
23. Fee income		
Legal and inspection fees	1,894.14	2,917.60
Others charges	273.47	53.24
Total	**2,167.61**	**2,970.84**
24. Net gain on fair value changes		
Net gain on financial instruments at fair value through profit or loss (FVTPL)		
On trading portfolio		
-Mutual fund investments at FVTPL	1,319.03	1,018.22
Total	**1,319.03**	**1,018.22**
Fair value changes		
Realised	1,319.03	1,018.22
Unrealised	-	-
Total	**1,319.03**	**1,018.22**

₹ in Lakhs

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
25. Other Income		
Recovery of bad debts	86.88	52.96
Other non-operating income	64.37	10.29
Total	**151.25**	**63.25**
26. Finance costs		
(On financial liabilities measured at amortised cost)		
Interest on borrowings		
- term loans from banks	8,859.34	5,546.06
- cash credits and overdraft	9.30	15.61
- term loans from others*	7,969.18	3,158.88
Interest on debt securities	15,501.75	12,733.62
Interest on lease liability	179.55	167.76
Interest on current tax liability	-	71.58
Total	**32,519.12**	**21,693.51**

*Includes interest of INR 5,326.45 lakhs (March 31, 2020 - INR 1,606.83 lakhs) pertaining to borrowings from securitisation arrangements.

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
27. Fees expenses		
Amortisation of ancillary costs relating to borrowings	266.83	42.52
Total	**266.83**	**42.52**
28. Impairment on financial instruments		
(On financial assets measured at amortised cost)		
Impairment loss allowance on loans*	3,517.57	4,934.19
Total	**3,517.57**	**4,934.19**

* Includes write-off of INR 996.83 lakhs (March 31, 2020 - INR 486.06 lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
29. Employee benefits expenses		
Salaries, wages and bonus	13,376.13	11,272.30
Contribution to provident and other funds	1,080.50	905.85
Employee stock option expenses (Refer Note 41)	1,509.39	168.03
Staff welfare expenses	405.76	364.60
Total	**16,371.78**	**12,710.78**
30. Depreciation and amortization		
Depreciation on property, plant and equipment (Refer Note 11)	531.25	499.74
Amortisation of intangible assets (Refer Note 12)	52.81	68.75
Depreciation on right of use asset (Refer Note 37)	554.33	438.36
Total	**1,138.39**	**1,006.85**

₹ in Lakhs

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
31. Other expenses		
Rent	40.77	15.09
Rates and taxes	111.34	104.32
Electricity expenses	92.55	78.29
Repairs and maintenance	259.89	203.32
Communication costs	443.73	442.37
Printing and stationery	238.27	343.03
Advertisement and publicity	3.23	2.52
Directors fees, allowances and expenses	14.43	13.63
Auditor's fees and expenses (Refer note 31.1)	51.46	47.12
Legal and professional charges	1,183.11	1,389.62
Insurance	13.33	14.29
Corporate social responsibility expenses (Refer note 31.2)	428.64	7.39
Travel expenses	45.47	192.77
Information technology expenses	568.43	394.16
Loss on sale of property, plant and equipment	2.32	0.75
Bank charges	140.80	122.06
Customer referral expenses	1.57	25.86
Miscellaneous expenses	28.36	20.24
Total	**3,667.70**	**3,416.83**
31.1. Payments to auditors		
Statutory audit including limited review	41.42	38.15
Tax audit	2.18	2.18
Other services	5.45	5.18
Reimbursement of expenses	2.41	1.61
Total	**51.46**	**47.12**
31.2. Details of expenditure on corporate social responsibility ("CSR")		
(a) Amount required to be spent by the Company during the year	428.64	216.28
(b) Amount spent during the year (in cash) :		
(i) Construction/ acquisition of any asset	-	-
(ii) On purposes other than (i) above*	428.64	7.39

* Includes INR 150 lakhs set aside towards the ongoing projects

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
32. A. Income tax		
i. Current tax		
in respect of current year	12,557.29	10,083.72
in respect of prior years	36.83	(27.65)
Total	**12,594.12**	**10,056.07**

₹ in Lakhs

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
ii. Deferred tax		
Attributable to–		
Origination and reversal of temporary differences	(849.48)	(1,321.06)
Total	(849.48)	(1,321.06)
Tax expense (i)+(ii)	**11,744.64**	**8,735.01**
32. B. Income tax recognized in other comprehensive income		
Re-measurements of the defined benefit plan	(105.27)	(148.80)
Income tax relating to items that will not be reclassified to profit or loss	26.49	37.45
Net of tax	**(78.78)**	**(111.35)**
32.1. Reconciliation of total tax expense		
Profit before tax	47,644.08	34,930.05
Applicable tax rate	25.17%	25.17%
Computed tax expense	**11,991.06**	**8,791.19**
Tax effect of :		
Permanent differences		
Deduction u/s 80JJAA of the Income Tax Act, 1961	(362.55)	(244.92)
Disallowance related to CSR expenditure	108.34	1.71
Change in tax rates (Refer note below)	-	194.35
Others	7.79	(7.32)
Income tax expense recognised in statement of profit and loss (Pertaining to current year)	**11,744.64**	**8,735.01**
Effective tax rate	24.65%	25.01%

Note: The Company has elected to exercise the option permitted under section 115BAA of the Income Tax Act, 1961, as introduced by the Taxation laws (Amendment) Ordinance, 2019. Accordingly, the Company had recognised provision for income tax and remeasured its net deferred tax asset at concessional rate from the financial year 2019-2020 onwards.

₹ in Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
33. Commitments		
Estimated amount of contracts remaining to be executed on capital account (net of capital advances) and not provided for	5.98	14.73
34. Contingent liabilities		
Claims against the Company not acknowledged as debt		
- Income tax related matters (excluding penalties and interest)	6.74	6.74
- Provident Fund (refer note below)		

In light of judgment of Honorable Supreme Court dated 28 February 2019 on the definition of "Basic Wages" under the Employees Provident Funds & Misc. Provisions Act, 1952 and based on the legal advise received, the Company has aligned the manner of computation of liability for Provident Fund effective the date of the order. There are significant uncertainties in determining the liability including, period of assessment, application for present and past employees and assessment of interest and penalties. The amount of the obligation therefore cannot be measured with sufficient reliability for past periods and hence disclosed as a contingent liability.

35. Disclosure under Micro, Small and Medium Enterprises Development Act, 2006

Under Micro, Small and Medium Enterprises Development Act, 2006, (MSMED) which came into force from 2 October 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. On the basis of the information and records available with management and confirmation sought from suppliers on registration with specified authority under MSMED, principal amount, interest accrued and remaining unpaid and interest paid during the year to such enterprise is - NIL.

The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting period

₹ in Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Principal	-	-
Interest	-	-
The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	-	-
The amount of interest due and payable for the period of delay in making payment (whichhave been paid but beyond the appointed day during the year) but without adding theinterest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-

36. Deferred tax assets / (liability):

In relation to :		
Difference between written down value of fixed assets as per books of accounts and income tax	134.10	95.19
Employee Benefits	448.51	303.92
Impairment allowance	1,987.18	1,289.74
Unamortised processing fee income	1,679.02	1,664.02
Unamortised processing fee expenses	(573.29)	(545.07)
Recognition of lease liability and right to use asset	23.42	15.16
Total	**3,698.94**	**2,822.96**

The following table shows deferred tax recorded in the balance sheet and changes recorded in the income tax expense

₹ in Lakhs

Particulars	Opening Balance	Recognised in profit of loss	Recognised in other comprehensive income	Closing Balance
For the year ended 31 March, 2021 :				
Difference between written down value of fixed assets as per books of accounts and income tax	95.19	38.91	-	134.10
Employee Benefits	303.92	118.10	26.49	448.51
Impairment allowance	1,289.74	697.44	-	1,987.18
Unamortised processing fee income	1,664.02	15.00	-	1,679.02
Unamortised processing fee expenses	(545.07)	(28.22)	-	(573.29)
Recognition of lease liability and right to use asset	15.16	8.26	-	23.42
Total	**2,822.96**	**849.49**	**26.49**	**3,698.94**

The following table shows deferred tax recorded in the balance sheet and changes recorded in the income tax expense

₹ in Lakhs

Particulars	Opening Balance	Recognised in profit of loss	Recognised in other comprehensive income	Closing Balance
For the year ended 31 March, 2020 :				
Difference between written down value of fixed assets as per books of accounts and income tax	69.52	25.67	-	95.19
Employee Benefits	159.30	107.17	37.45	303.92
Preliminary expense	1.06	(1.06)	-	-
Impairment allowance	342.87	946.87	-	1,289.74
Unamortised processing fee income	1,030.39	633.63	-	1,664.02
Unamortised processing fee expenses	(138.69)	(406.38)	-	(545.07)
Recognition of lease liability and right to use asset	-	15.16	-	15.16
Total	**1,464.46**	**1,321.06**	**37.45**	**2,822.96**

37. Leases

Implementation of IND AS 116 from April 1, 2019 onwards

The Company has operating lease agreement primarily for office premises. The leases typically run for a period of 1 to 10 years, with an option to extend the lease or terminate, either at the option of lessee or lessor or on mutual agreement.

This note explains the impact of the adoption of Ind AS 116 Leases on the financial statements as at April 1, 2019 - date of transition.

Under the erstwhile standard, Ind AS 17 - Leases, the leases in which a substantial portion of the risk and rewards of the ownership were retained by the lessor were classified as operating leases. Upon adoption of Ind AS 116, the Company applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The standard provides specific transition requirements and practical expedients, which have been applied by the Company.

On transition, the company recognised right-of use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

Lease liabilities as at April 1, 2019 were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate.

The discount rate applied to the lease liabilities as at April 1, 2019 is lessee's incremental borrowing rate as at April 1, 2019. This change is in accordance with the transitional provisions of Ind AS 116.

Effective April 1, 2019, the Company had adopted Ind AS 116 - Leases and applied it to all lease contracts existing on April 1, 2019 using the modified retrospective method. Consequently, the cumulative adjustment has been taken to retained earnings on the date of initial application i.e. April 1, 2019. Based on the same and as permitted under the specific transitional provisions in the standard, the Company is not required to restate the figures prior to April 1, 2019.

Practical expedients applied

The Company has elected not to reassess the previously identified leases prior to April 1, 2019 applying Ind AS 17 - Leases as to whether a contract is, or contains a lease at the date of initial application.

Further, In applying Ind AS 116 for the first time, the company has also used the following practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics.
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application.
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months at the date of initial application.

i). Movement in carrying value of right of use assets

₹ in Lakhs

Particulars	Year ended March 31, 2021
As at April 1, 2019	
Right of use asset recognised on initial application of IND AS 116	1,104.68
Reclassfication of prepaid rent as at April 1,2019	46.11
Additions during the year	884.19
Depreciation	(438.36)
Derecognition on termination of leases	(108.62)
Balance as at March 31, 2020	**1,488.00**

₹ in Lakhs

Particulars	Year ended March 31, 2021
Additions during the year	683.29
Depreciation	(554.33)
Derecognition on termination of leases	(164.33)
Balance as at March 31, 2021	**1,452.63**

ii). Movement in lease liabilities

₹ in Lakhs

Particulars	Year ended March 31, 2021
As at April 1, 2019	
Lease liabilities recognised on initial application of IND AS 116	1,162.43
Additions during the year	871.57
Interest on lease liabilities	167.76
Rent payments	(531.20)
Derecognition on termination of leases	(115.23)
As at March 31, 2020	**1,555.33**
Additions during the year	681.94
Interest on lease liabilities	179.55
Rent payments	(680.80)
Derecognition on termination of leases	(206.66)
As at March 31, 2021	**1,529.36**

iii). Amounts recognised in statement of profit and loss

₹ in Lakhs

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Rent expense on short term leases	40.77	15.09
Interest on lease liabilities	179.55	167.76
Depreciation on Right of use asset	554.33	438.36
Gain recognised on derecognition of leases	(42.32)	(6.60)
Rent concession related to COVID-19	(19.08)	-

iv). Future lease commitments

₹ in Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Future undiscounted lease payments to which leases is not yet commenced	88.28	38.59
v). Cash flows		
Total cash outflow for leases	721.57	546.29
vi). Maturity analysis of undiscounted lease liabilities		
Not later than one year	608.44	636.77
Later than one year and not later than five years	1,156.01	1,153.47
Later than five years	128.13	161.85

₹ in Lakhs

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
38. Earnings per share		
Profit after tax	35,899.44	26,195.04
Weighted Average Number of Equity Shares in calculation of basic earnings per share	25,618,177	25,373,397
Dilution on account of ESOP and partly paid up shares	766,734	640,463
Weighted Average Number of Equity Shares in calculation of diluted earnings per share	26,384,911	26,013,860
Basic earnings per share	140.13	103.24
Diluted earnings per share	136.06	100.70

39. Segment Information

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, and for which discrete financial information is available. All operating segments' operating results are reviewed regularly by the Company's Managing Director ('MD') to make decisions about resources to be allocated to the segments and assess their performance. The MD is considered to be the Chief Operating Decision Maker ('CODM') within the purview of Ind AS 108 Operating Segments.

The CODM considers the entire business of the Company on a holistic basis to make operating decisions and thus there are no segregated operating segments. The Company is primarily engaged in providing loans for business purpose, house renovation / extention purposes and other mortgage purposes. The CODM of the Company reviews the operating results of the Company as a whole and therefore not more than one reportable segment is required to be disclosed by the Company as envisaged by Ind AS 108 Operating Segments. Accordingly, amounts appearing in these financial statements relates to small business loans and loans for house renovations / extensions etc.

The Company does not have any separate geographic segment other than India. As such there are no separate reportable segments as per IND AS 108 Operating Segments.

40. Employee benefits - post employment benefit plans

Defined contribution plans

A. The Company makes provident fund and employee state insurance scheme contributions which are defined contribution plans, for qualifying employees. Under the schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised INR 672.19 lakhs (year ended March 31, 2020 - INR 492.28 lakhs) for provident fund contributions, and INR 204.48 lakhs (year ended March 31, 2020 - INR 168.58 lakhs) for employee state insurance scheme contributions in the statement of profit and loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

B. Defined benefit plans

Gratuity

The Company operates a defined benefit plan (the Gratuity plan) covering eligible employees. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age/ resignation date.

The defined benefit plans expose the Company to risks such as Actuarial risk, Investment risk, Liquidity risk, Market risk, Legislative risk. These are discussed as follows:

Actuarial risk: It is the risk that benefits will cost more than expected. This can arise due to one of the following reasons:

Adverse salary growth experience: Salary hikes that are higher than the assumed salary escalation will result into an increase in obligation at a rate that is higher than expected.

Variability in mortality rates: If actual mortality rates are higher than assumed mortality rate assumption then the gratuity benefits will be paid earlier than expected. Since there is no condition of vesting on the death benefit, the acceleration of cash flow will lead to an actuarial loss or gain depending on the relative values of the assumed salary growth and discount rate.

Variability in withdrawal rates: If actual withdrawal rates are higher than assumed withdrawal rate assumption then the Gratuity Benefits will be paid earlier than expected. The impact of this will depend on whether the benefits are vested as at the resignation date.

Investment risk: For funded plans that rely on insurers for managing the assets, the value of assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases, the present value of the assets is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter-valuation period.

Liquidity risk: Employees with high salaries and long durations or those higher in hierarchy, accumulate significant level of benefits. If some of such employees resign/retire from the company there can be strain on the cash flows.

Market risk: Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. One actuarial assumption that has a material effect is the discount rate. The discount rate reflects the time value of money. An increase in discount rate leads to decrease in defined benefit obligation of the plan benefits and vice versa. This assumption depends on the yields on the government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.

Legislative risk: Legislative risk is the risk of increase in the plan liabilities or reduction in the plan assets due to change in the legislation/regulation. The government may amend the Payment of Gratuity Act, 1972, thus requiring the companies to pay higher benefits to the employees. This will directly affect the present value of the defined benefit obligation and the same will have to be recognized immediately in the year when any such amendment is effective.

Funding

The Company has funded their gratuity liability with Life Insurance Corporation. Gratuity provision has been made based on the actuarial valuation.

₹ in Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Reconciliation of net defined benefit (asset) liability		
The following table shows a reconciliation from the opening balances to the closing balances for the net defined benefit asset (liability) and its components.		
Present value of obligations	811.61	501.04
Fair value of plan assets	(556.83)	(253.94)
Asset/ (Liability) recognised in the balance sheet	**(254.78)**	**(247.10)**
Reconciliation of present value of defined benefit obligation		
Balance at the beginning of the year	501.04	255.65
Benefits paid	(20.91)	(8.43)
Current service cost	195.97	85.82
Interest cost	28.50	17.30
Actuarial (gain)/loss recognized in other comprehensive income		
changes in demographic assumptions	-	-
changes in financial assumptions	14.74	27.40
experience adjustments	92.27	123.30
Balance at the year end	**811.61**	**501.04**
Expense recognized in profit or loss		
Current service cost	195.97	85.82
Net Interest cost	5.66	8.92
	201.63	**94.74**
Remeasurements recognized in other comprehensive income		
Actuarial (gain) loss on defined benefit obligation	107.01	150.70
Return on plan assets excluding interest income	(1.74)	(1.90)
	105.27	**148.80**
Changes in the fair value of plan assets		
Fair value of plan assets as at the beginning of the period	253.94	-
Expected return on plan assets	22.84	8.38
Contributions	299.22	250.00
Direct Contributions towards direct benefit payments	-	2.09
Benefits paid and Charges deducted from the fund	(20.91)	(6.34)
Direct Benefit Payments	-	(2.09)
Actuarial gain/(loss) on plan assets	1.74	1.90
Fair value of plan assets as at the end of the period	**556.83**	**253.94**
Net defined benefit (assets)/liability	**254.78**	**247.10**
Actuarial assumptions		
Discount rate	5.46%	5.81%
Future salary growth	15.00%	15.00%
Attrition rate	25.00%	25.00%

Five year information

Particulars	31-Mar- 21	31-Mar- 20	31-Mar- 19	31-Mar- 18	31-Mar- 17
Defined benefit obligation	811.61	501.04	255.65	141.72	65.39
Fair value of plan assets	556.83	253.94	-	-	-
Deficit in plan	(254.78)	(247.10)	(255.65)	(141.72)	(65.39)
Experience adjustments on plan liabilities	92.27	123.30	(36.61)	(10.59)	(10.92)
Experience adjustments on plan assets	1.74	1.90	-	-	-

₹ in Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Sensitivity Analysis		
Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:		
Discount rate		
-1% increase	(40.84)	(25.69)
-1% decrease	45.01	28.29
Future salary growth		
-1% increase	23.26	26.19
-1% decrease	(25.12)	(24.58)
Attrition rate		
-1% increase	(41.65)	(15.16)
-1% decrease	38.92	16.32

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown

41. Share Based Payments

A. Description of schemes

The decision to introduce Five-Star Associate Stock Option Scheme, 2015 (hereinafter called "FIVE-STAR ASOP, 2015" was taken by the Board of Directors at the meeting held on September 18, 2015 and was approved by the shareholders of the Company at the Extra Ordinary General Meeting held on April 12, 2016. The total options issuable under the plan are upto 5,63,000 options.

Later, the Board of Directors issued another scheme, named Five-Star Associate Stock Option Scheme, 2018 (hereinafter called "FIVE-STAR ASOP, 2018") at their meeting held on February 28, 2018 and was approved by the shareholders of the Company at the Extra Ordinary General Meeting held on March 26, 2018. The total options issuable under the plan are upto 5,00,000 options.

Nomination and Remuneration Committee constituted by the Board of Directors of the Company administers the plans. Under these plans, the participants are granted options which vest as per the schedule provided in the Grant Letter given to each of the participants. The time period for exercise of these options is defined in the Scheme document.

₹ in Lakhs

Particulars	As at March 31, 2021 Weighted average exercise price per option	As at March 31, 2021 Number of options	As at March 31, 2020 Weighted average exercise price per option	As at March 31, 2020 Number of options
i. Reconciliation of outstanding share options				
Outstanding at beginning of year	121.63	160,150	50.03	330,600
Forfeited during the year	-	-	85.00	1,000
Exercised during the year	46.31	62,850	12.19	178,450
Granted during the year	674.40	372,000	674.40	9,000
Outstanding as at end of year	569.88	469,300	121.63	160,150
Exercisable at March 31	**130.00**	**48,000**	**101.93**	**42,750**

The weighted average share price at the date of exercise of options exercised during the year ended ended March 31, 2021 is INR 1501.23 per share (March 31, 2020 : INR 2,122.87 per share)

Particulars	As at March 31, 2021	As at March 31, 2020
For the options outstanding at the end of the year:		
Weighted average remaining contractual life (in years)	6.61	5.43
Range of exercise prices (INR)	10-674	10-674

₹ in Lakhs

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
ii. Expense recognised in the statement of profit and loss		
Total Expense	1,509.39	168.03

iii. Measurement of fair values

The fair value of options have been estimated on the dates of each grant using the Black Scholes model. As the Company is unlisted, the expected price volatility is based on historical volatility (based on the remaining life of the options) in share prices of a listed proxy. The various inputs considered in the pricing model for the stock options granted by the Company during the year are as follows:

Share price on Grant date (INR)	1,466.24-2,187.24	2,128.91
Weighted average share price (INR)	1,466.24-2,187.24	2,128.91
Exercise price (INR)	674.4	674.4
Fair value of options at grant date (INR)	932.13-1,755.59	1,591.82 - 1,716.24
Expected volatility	34.42% - 38.28%	31.06% - 33.56%
Option term	3.54-7.54 years	3.54-7.54 years
Expected dividends	Nil	Nil
Risk free interest rate	5.30%-5.40%	6.25%

42. Related party disclosures

a. Name of the related parties and nature of relationship:

Key Management Personnel :

D. Lakshmipathy, Chairman and Managing Director
K.Rangarajan, Chief Executive Officer
G. Srikanth, Chief Financial Officer
B. Shalini, Company Secretary
R Anand, Independent Director
Bhama Krishnamurthy, Independent Director
B. Haribabu, Independent Director
A. Ramanathan, Independent Director
L.R. Ravi Prasad, Non-executive Director
V. Thirulokchand, Non-executive Director

Director and relative of Key Management Personnel / Director

R. Bhuvaneswari, Wife of Mr. L.R Ravi Prasad
L.R.Deepak Krishna, Son of Mr. L.R Ravi Prasad
L.R.Venkatesh, Son of Mr. L.R. Ravi Prasad

Entities with substantial interest over the company

TPG Asia VII SF Pte. Ltd.(from 29 August 2019)
M/s.NHPEA Chocolate Holding B.V. (upto 29 August 2019)

₹ in Lakhs

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
b. Key management personnel (KMP) compensation		
Short-term employee benefits		
D. Lakshmipathy	501.93	503.30
K.Rangarajan	192.15	176.64
G.Srikanth	111.90	101.07
B.Shalini	8.16	7.53
Post employment benefits		
D. Lakshmipathy	0.22	0.22
K.Rangarajan	0.22	0.22
G.Srikanth	0.22	0.22
B.Shalini	0.22	0.22
Share based payments		
K.Rangarajan	969.57	10.90
G.Srikanth	328.32	3.41
Directors sitting fees		
R Anand	6.15	5.50
Bhama Krishnamurthy	6.15	5.25
B. Haribabu	4.95	5.05
A. Ramanathan	5.55	5.40
L.R Ravi Prasad	4.45	4.80
V. Thirulokchand	4.50	4.50

₹ in Lakhs

Particulars	Year ended March 31, 2021	Year ended March 31, 2020

Managerial remuneration above does not include gratuity and compensated absences, since the same are provided on actuarial basis for the company as a whole and the amount attributable to the key managerial personnel cannot be ascertained separately.

Compensation to independent and non-executive directors represent commission and sitting fees paid.

c. Details of related party transactions

Nature of transaction		
Interest expense		
R.Bhuvaneshwari	-	0.01
L.R.Deepak Krishna	-	0.29
L.R. Ravi Prasad	-	0.03
L.R. Venkatesh	-	0.24
Issue of equity shares*		
TPG Asia VII SF Pte. Ltd.	-	133.23
D. Lakshmipathy	-	15.25
K.Rangarajan	-	0.64
G.Srikanth	-	0.45
Receipt of share premium*		
TPG Asia VII SF Pte. Ltd.	-	31,366.78
D. Lakshmipathy	-	137.25
K.Rangarajan	-	5.76
G.Srikanth	-	4.03
* excludes shares issued pursuant to Employee stock options		
Loans repaid		
R.Bhuvaneshwari	-	1.15
L.R.Deepak Krishna	-	34.30
L.R. Ravi Prasad	-	3.00
L.R. Venkatesh	-	27.20
Year end balances : Others		
D. Lakshmipathy	106.75	100.17
K.Rangarajan	33.55	33.55
G.Srikanth	11.42	10.72
R Anand	2.78	2.70
Bhama Krishnamurthy	2.78	2.70
B. Haribabu	2.78	2.70
A. Ramanathan	2.78	2.70
L.R Ravi Prasad	2.78	2.70
V. Thirulokchand	2.78	2.70

43. Capital

The Company maintains an actively managed capital base to cover risks inherent in the business and is meeting the capital adequacy requirements of the regulator, Reserve Bank of India (RBI). The adequacy of the Company's capital is monitored using, among other measures, the regulations issued by RBI.

The Company has complied in full with all its externally imposed capital requirements over the reporting period.

Capital management

The primary objectives of the Company's capital management policy is to ensure that the Company complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value.

The Company manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes have been made to the objectives, policies and processes from the previous years with regard to capital management However, they are under constant review by the Board.

i. Net Debt to Equity Ratio

Consistent with the others in industry, the company monitors the capital on the basis of gearing ratio (Net debt divided by equity). Under the terms of the major borrowing facilities, the company is required to maintain the gearing ratio in line with the RBI guidelines or in a slightly more conservative manner. The actual gearing stipulated differs between the various lending agreements. The company has complied with this covenant through out the year.

₹ in Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Equity	**231,817.22**	**194,458.05**
Debt	342,519.67	236,369.31
Cash and Cash equivalents	126,718.28	28,977.95
Net Debt	**215,801.39**	**207,391.36**
Net Debt to Equity Ratio	**0.93**	**1.07**

ii. Regulatory capital

The company has to mandatorily comply with the capital adequacy requirements stipulated by Reserve Bank of India from time to time. Capital adequacy ratio or capital-to-risk weighted assets ratio (CRAR) is computed by dividing company's Tier I and Tier II capital by risk weighted assets.

Tier I capital comprised of share capital, share premium, retained earnings including current year profit and Tier II capital comprises of provision on standard assets. Risk weighted assets represents the weighted sum of company's credit exposures based on their risk.

₹ in Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Tier I Capital	196,690.03	184,777.38
Tier II Capital	-	-
Total Capital	196,690.03	184,777.38
CRAR%	58.86	52.94
CRAR - Tier I Capital%	58.86	52.94
CRAR - Tier II Capital%	-	-
Amount of subordinated debt raised as Tier-II capital	-	-
Amount raised by issue of perpetual debt instruments	-	-

Tier I capital consists of shareholders' equity and retained earnings. Tier II Capital consists of general provision and loss reserve against stage 1 assets. Credit enhancement relating to securitisation has been adjusted against Tier I and Tier II capital in accordance with RBI circular DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020. Tier 1 and Tier II capital has been reported on the basis of Ind AS financial information.

44. Fair Value Measurement

a. Financial instruments by category

The carrying value and fair value of financial instruments by categories as of March 31, 2021 are as follows:

₹ in Lakhs

Particulars	Carrying amount			
	Amortised cost	Fair value through profit or loss	Other financial liabilities	Total carrying value
Financial assets:				
Cash and cash equivalents	126,718.28	-	-	126,718.28
Bank balances other than cash and cash equivalents	8,853.99	-	-	8,853.99
Loans	435,874.94	-	-	435,874.94
Other financial assets	474.34	-	-	474.34
Total	**571,921.55**	**-**	**-**	**571,921.55**
Financial liabilities:				
Trade payables	867.17	-	-	867.17
Debt securities	130,378.55	-	-	130,378.55
Borrowings (Other than debt securities)	212,141.12	-	-	212,141.12
Other financial liabilities	-	-	1,717.01	1,717.01
Total	**343,386.84**	**-**	**1,717.01**	**345,103.85**

The carrying value and fair value of financial instruments by categories as of March 31, 2020 are as follows:

Financial assets:				
Cash and cash equivalents	28,977.95	-	-	28,977.95
Bank balances other than cash and cash equivalents	16,134.94	-	-	16,134.94
Loans	383,080.44	-	-	383,080.44
Other financial assets	524.57	-	-	524.57
Total	**428,717.90**	**-**	**-**	**428,717.90**
Financial liabilities:				
Trade payables	662.40	-	-	662.40
Debt securities	107,886.42	-	-	107,886.42
Borrowings (Other than debt securities)	128,482.89	-	-	128,482.89
Other financial liabilities	-	-	1,568.10	1,568.10
Total	**237,031.71**	**-**	**1,568.10**	**238,599.81**

Note: For all of the Company's assets and liabilities which are not carried at fair value, disclosure of fair value is not required as the carrying amounts approximates the fair values.

45. Maturity Analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

₹ in Lakhs

Particulars	As at March 31, 2021			As at March 31, 2020		
	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total
Assets						
Financial assets						
Cash and cash equivalents	126,718.28	-	126,718.28	28,977.95	-	28,977.95
Bank balances other than cash and cash equivalents	3.96	8,850.03	8,853.99	13,658.72	2,476.22	16,134.94
Loans	67,216.71	368,658.23	435,874.94	41,092.95	341,987.49	383,080.44
Other financial assets	185.68	288.66	474.34	201.49	323.08	524.57
Total	**194,124.63**	**377,796.92**	**571,921.55**	**83,931.11**	**344,786.79**	**428,717.90**
Non-financial assets						
Current tax assets (net)	795.79	-	795.79	435.46	-	435.46
Deferred tax assets (net)	-	3,698.94	3,698.94	-	2,822.96	2,822.96
Investment property	-	3.56	3.56	-	3.56	3.56
Property, plant and equipment	-	845.60	845.60	-	1,106.09	1,106.09
Right of use asset	-	1,452.63	1,452.63	-	1,488.00	1,488.00
Other intangible assets	-	190.30	190.30	-	192.80	192.80
Other non-financial assets	408.49	44.28	452.77	475.86	72.76	548.62
Total	**1,204.28**	**6,235.31**	**7,439.59**	**911.32**	**5,686.17**	**6,597.49**
Total assets	**195,328.91**	**384,032.23**	**579,361.14**	**84,842.43**	**350,472.96**	**435,315.39**

45. Maturity Analysis of assets and liabilities (Continued)

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

₹ in Lakhs

Particulars	As at March 31, 2021			As at March 31, 2020		
	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total
Liabilities and Equity						
Financial liabilities						
Payables						
Trade payables						
total outstanding dues of micro and small enterprises	-	-	-	-	-	-
total outstanding dues of creditors other than micro and small enterprises	746.93	120.24	867.17	662.40	-	662.40
Debt securities	33,549.02	96,829.53	130,378.55	24,245.73	83,640.68	107,886.42
Borrowings (other than debt securities)	71,031.62	141,109.50	212,141.12	38,970.37	89,512.52	128,482.89
Other financial liabilities	679.31	1,037.69	1,717.01	520.11	1,047.99	1,568.10
Total	**106,006.88**	**239,096.96**	**345,103.84**	**64,398.61**	**174,201.20**	**238,599.81**
Non-financial liabilities						
Current tax liabilities (net)	-	-	-	74.80	-	74.80
Provisions	150.33	569.47	719.80	531.27	46.34	577.61
Other non-financial liabilities	1,720.27	-	1,720.27	1,605.12	-	1,605.12
Total	**1,870.60**	**569.47**	**2,440.07**	**2,211.19**	**46.34**	**2,257.53**
Total liabilities	**107,877.48**	**239,666.43**	**347,543.92**	**66,609.80**	**174,247.54**	**240,857.34**
Net worth			**231,817.23**			**194,458.05**

46. Financial risk management objectives and policies

The Company's principal financial liabilities majorly comprise of borrowings from banks, debentures and trade payables. The main purpose of these financial liabilities is to finance the Company's operations and to support its operations. The Company's financial assets include loan and advances, cash and cash equivalents that derive directly from its operations.

The Company's activities expose it to a variety of financial risks, as listed below apart from various operating and business risks.
Market risk
Credit risk and
Liquidity risk

This note explains the sources of risks arising from financial instruments which the entity is exposed to and how the Company manages the risk.

Risk management framework

The Company’s board of directors and risk council has overall responsibility for the establishment and oversight of the Company’s risk management framework. The board of directors and risk management council along with the top management are responsible for developing and monitoring the Company’s risk management policies.

The Company’s risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company’s activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company’s risk management council oversees how management monitors compliance with the Company’s risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company’s performance to developments affecting a particular industry or geographical location.

In order to avoid excessive concentrations of risk, the Company’s policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

(i) Market risk

Market risk is the risk that changes in market prices - such as foreign exchange rates, interest rates and equity prices which will affect the Companies income or the value of holdings of financial instruments. The company does not have exposure to currency risk and security price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return.

Interest rate risk

Interest rate risk primarily arises from borrowings with variable rates. The company's borrowings are carried at amortised cost. The borrowings with fixed rates are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.The interest rate profile of the Company's interest bearing financial instruments is as follows:

₹ in Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Fixed rate instruments		
Financial assets	539,562.50	415,079.10
Financial liabilities	252,382.61	168,586.62
Total	**791,945.11**	**583,665.72**
Variable rate instruments		
Financial assets	-	-
Financial liabilities	90,137.07	67,782.69
Total	**90,137.07**	**67,782.69**

₹ in Lakhs

Particulars	Profit / loss		Equity, net of tax	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
March 31, 2021				
Variable-rate instruments	(732.35)	732.35	(548.03)	548.03
Cash flow sensitivity (net)	(732.35)	732.35	(548.03)	548.03
March 31, 2020				
Variable-rate instruments	(427.17)	427.17	(319.66)	319.66
Cash flow sensitivity (net)	(427.17)	427.17	(319.66)	319.66

(ii) Credit risk

Loans and advances

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's loans advances and other financial assets. The carrying amount of financial assets represents the maximum credit exposure. The company has Credit policy approved by the Board of Directors, which is subject to annual review. The Company manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and for geographical and industry concentrations, and by monitoring exposures in relation to such limits.

The Company has established a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties, including periodical collateral revisions, as defined in the Credit policy. Counterparty limits are established by the use of a credit risk classification system, which assigns each counterparty a risk rating. The credit quality review process aims to allow the Company to assess the potential loss as a result of the risks to which it is exposed and take corrective actions.

The disclosure of maximum exposure to credit risk without taking into account any collateral held or other credit enhancements has not been provided for financial assets, as their carrying amount best represent the maximum exposure to credit risk. All the loans provided are secured against mortgage of land and/or building. The fair value of the collateral is determined on the guidelines prescribed in the collateral management policy as approved by the Board of Directors.

Impairment assessment - Expected credit loss ("ECL"):

An impairment analysis is performed at each reporting date based on the facts and circumstances existing on that date to identify expected losses on account of time value of money and credit risk. For the purposes of this analysis, the loan receivables are categorised into groups based on days past due. Each group is then assessed for impairment using the Expected Credit Loss (ECL) model as per the provisions of Ind AS 109 - financial instruments. The Company's impairment assessment and measurement approach is set out in this report. It should be read in conjunction with the Summary of significant accounting policies.

ECL on financial assets is an unbiased probability weighted amount based out of possible outcomes after considering risk of credit loss even if probability is low. ECL is calculated based on the following components:

a. Marginal probability of default ("MPD")
b. Loss given default ("LGD")
c. Exposure at default ("EAD")
d. Discount factor ("D")

Marginal probability of default:

PD is defined as the probability of whether borrowers will default on their obligations in the future. Historical PD is derived from the internal data which is calibrated with forward looking macroeconomic factors.

For computation of probability of default ("PD"), Vasicek Model was used to forecast the PD term structure over lifetime of loans. As per given long term PD and current macroeconomic conditions, conditional PD corresponding to current macroeconomic condition is estimated. The Company has worked out on PD based on the last six years historical data.

Marginal probability:

The PDs derived from the model, are the cumulative PDs, stating that the borrower can default in any of the given years, however to compute the loss for any given year, these cumulative PDs have to be converted to marginal PDs. Marginal PDs is probability that the obligor will default in a given year, conditional on it having survived till the end of the previous year.

Conditional marginal probability:

As per Ind AS 109, expected loss has to be calculated as an unbiased and probability-weighted amount for multiple scenarios. The probability of default was calculated for 3 scenarios: best , worst and base. This weightage has been decided on best practices and expert judgement. Marginal conditional probability was calculated for all 3 possible scenarios and one conditional PD was arrived as conditional weighted probability.

Staging of loans:

Definition of default and cure

The Company considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the loan has remained overdue for a period greater than 90 days.

It is the Company's policy to consider a financial instrument as 'cured' and therefore re-classified out of Stage 3 when the loan becomes less than or equal to 90 days past due on its contractual obligations. Such cured loans are classified as Stage 1 or 2 depending upon the days past due after such cure has taken place.

As per Ind AS 109, Company assesses whether there is a significant increase in credit risk at the reporting date from the initial recognition. Company has staged the assets based on the Day past dues criteria and other market factors which significantly impacts the portfolio.

Days past dues status	Stage	Provisions
1-30 Days	Stage 1	12 Months Provision
31-90 Days	Stage 2	Lifetime Provision
90+ Days	Stage 3	Lifetime Provision

Company's internal rating and PD estimation process

The Company's independent Credit Risk Department operates its internal rating models, in which customers are rated from Low to High using internal grades. The models incorporate both qualitative and quantitative information in addition to information specific to the borrower, utilise supplemental external information that could affect the borrower's behaviour.

Exposure at default

The exposure at default (EAD) represents the gross carrying amount of the financial instruments subject to the impairment calculation, addressing both the client's ability to increase its exposure while approaching default and potential early repayments too.

To calculate the EAD for a Stage 1 loan, the Company assesses the possible default events within 12 months for the calculation of the 12mECL. However, if a Stage 1 loan that is expected to default in the 12 months from the balance sheet date and is also expected to cure and subsequently default again, then all linked default events are taken into account.

The Company determines EADs by modelling the range of possible exposure outcomes at various points in time, corresponding the multiple scenarios. The Ind AS 109 PDs are then assigned to each economic scenario based on the outcome of models.

Loss given default

The credit risk assessment is based on a standardised Loss Given Default(LGD) assessment framework that results in a certain LGD rate. These LGD rates take into account the expected EAD in comparison to the amount expected to be recovered or realised from any collateral held.

The Company segments its retail lending products into smaller homogeneous portfolios, based on key characteristics that are relevant to the estimation of future cash flows. The applied data is based on historically collected loss data and involves a wider set of transaction characteristics (e.g., product type, wider range of collateral types) as well as borrower characteristics.

Further recent data and forward-looking economic scenarios are used in order to determine the Ind AS 109 LGD rate for each group of financial instruments. When assessing forward-looking information, the expectation is based on multiple scenarios. Examples of key inputs involve changes in, collateral values including property prices for mortgages, commodity prices, payment status or other factors that are indicative of losses in the group.

Under Ind AS 109, LGD rates are estimated for the Stage 1, Stage 2, Stage 3 and Purchased or Originated Credit Impaired(POCI) Ind AS 109 segment of each asset class. The inputs for these LGD rates are estimated and, where possible, calibrated through back testing against recent recoveries. These are repeated for each economic scenario as appropriate.

Discounting:

As per Ind AS 109, ECL is computed by estimating the timing of the expected credit shortfalls associated with the defaults and discounting them using effective interest rate.

Significant increase in credit risk

The Company continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12month ECL or Life time ECL, the Company assesses whether there has been a significant increase in credit risk since initial recognition. The Company considers the credit risk to be directly proportional to the delinquency status i.e. days past due of the loan under consideration. No further adjustments are made in the PD.

When estimating ECLs on a collective basis for a group of similar assets the Company applies the same principles for assessing whether there has been a significant increase in credit risk since initial recognition.

Grouping financial assets measured on a collective basis

The Company calculates ECL on a collective basis for all asset classes.

The Company combines these exposure into smaller homogeneous portfolios, based on the characteristics of the loans, as described below:

Geographic location

Loan type

Ticket size

ECL computation:

Conditional ECL at DPD pool level was computed with the following method:

Conditional ECL for year (yt) = EAD (yt) * conditional PD (yt) * LGD (yt) * discount factor (yt)

The calculation is based on provision matrix which considers actual historical data adjusted appropriately for the future expectations and probabilities. Proportion of expected credit loss provided for across the stage is summarised below:

₹ in Lakhs

Particulars		As at March 31, 2021	As at March 31, 2020
Stage 1	12 month provision	0.33%	0.48%
Stage 2	Life time provision	13.04%	8.70%
Stage 3	Life time provision	17.96%	17.70%

The loss rates are based on actual credit loss experience over past years. These loss rates are then adjusted appropriately to reflect differences between current and historical economic conditions and the Company's view of economic conditions over the expected lives of the loan receivables. Movement in provision of expected credit loss has been provided in below note.

Analysis of changes in the gross carrying amount and the corresponding ECL allowances:

₹ in Lakhs

Particulars	As at March 31, 2021				As at March 31, 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount								
Opening balance	**343,232.28**	**40,667.94**	**5,322.63**	**389,222.85**	**187,880.35**	**21,533.13**	**1,867.19**	**211,280.67**
Asset derecognised or repaid (excluding write-off)	(30,980.83)	(4,229.42)	(463.14)	(35,673.39)	(17,956.55)	(3,455.54)	(219.57)	(21,631.66)
Assets partially repaid	(27,563.96)	(300.54)	-	(27,864.50)	(16,748.09)	(3,911.22)	(321.15)	(20,980.46)
Roll forwards to higher stages	(31,280.91)	(700.53)	-	(31,981.44)	(27,683.30)	(3,096.31)	-	(30,779.61)
Roll forward from lower stages	-	30,902.25	1,079.19	31,981.44	-	26,409.54	4,370.07	30,779.61
Roll back from higher stages	17,714.79	647.96	-	18,362.75	2,241.23	48.46	-	2,289.69
Roll back to lower stages	-	(17,597.31)	(765.44)	(18,362.75)	-	(2,218.83)	(70.86)	(2,289.69)
Amount written off	-	-	(996.83)	(996.83)	-	-	(486.06)	(486.06)
New assets originated / incremental accretions	118,473.70	1,033.30	342.96	119,849.96	215,498.64	5,358.71	183.01	221,040.36
Gross carrying amount Closing balance	**389,595.07**	**50,423.65**	**4,519.37**	**444,538.09**	**343,232.28**	**40,667.94**	**5,322.63**	**389,222.85**

Reconciliation of ECL balance is given below:

Particulars	As at March 31, 2021				As at March 31, 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance -								
Opening balance	**1,661.41**	**3,538.88**	**942.12**	**6,142.41**	**276.63**	**985.59**	**432.05**	**1,694.27**
Addition during the year	75.21	3,373.12	910.57	4,358.90	1,449.27	2,875.93	1,046.09	5,371.29
Reversal / Utilization during the year	(460.10)	(337.21)	(1,040.85)	(1,838.16)	(64.49)	(322.64)	(536.02)	(923.15)
Closing provision of ECL	**1,276.52**	**6,574.79**	**811.84**	**8,663.15**	**1,661.41**	**3,538.88**	**942.12**	**6,142.41**

Analysis of inputs to the ECL model under multiple economic scenarios

An overview of the approach to estimating ECLs is set out in Note 3.5 Summary of significant accounting policies. ECL on financial assets is an unbiased probability weighted amount based out of possible outcomes after considering risk of credit loss even if probability is low. ECL is calculated based on the following components:

The following tables outline the impact of multiple scenarios on the allowance based on macro-economic factors considered:

₹ in Lakhs

ECL Scenario	As at March 31, 2021	As at March 31, 2020
Best case	8,584.22	5,372.70
Base case	8,654.68	5,809.36
Worst case	8,729.98	6,397.23

Analysis of credit concentration risks

The Company's concentrations of risk are managed by counterparty and geography. The maximum credit exposure to any individual client or counterparty as of March 31, 2021 was INR 63.30 Lakhs (March 31, 2020: INR 71.83 Lakhs).

The following table shows the risk concentration of loan portfolio by geography.

₹ in Lakhs

Geography	As at March 31, 2021	As at March 31, 2020
Tamil Nadu	182,290.54	164,585.54
Karnataka	32,192.50	25,946.28
Andhra Pradesh	125,096.37	107,903.48
Telangana	81,678.27	74,414.92
Others	23,280.41	16,372.63
Total	**444,538.09**	**389,222.85**

Cash and bank balances

The Company held cash and cash equivalents with credit worthy banks and financial institutions as at the reporting dates which has been measured on the 12-month expected loss basis. The credit worthiness of such banks and financial institutions are evaluated by the management on an ongoing basis and is considered to be good with low credit risk.

Other financial assets

This balance is primarily constituted by security deposits and advance to employees. The Company does not expect any losses from non-performance by these counter-parties.

(iii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company is bound to comply with the Asset Liability Management guidelines issued by Reserve Bank of India. The company has Asset

Liability Management policy approved by the board and has constituted Asset Liability Committee to oversee the liquidity risk management function of the company. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company's principal sources of liquidity are borrowings, cash and cash equivalents and the cash flow that is generated from operations.

The Company believes that the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived. In addition, the Company maintains the following undrawn borrowing facilities :

₹ in Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Cash Credit facilities	2,003.40	2,300.00
Others	-	55,000.00
Total	2,003.40	57,300.00

The cash credit facilities may be drawn anytime and may be terminated at any time without notice.

Exposure to liquidity risk

The table below provides details regarding the contractual maturities of financial liabilities and assets including interest as at March 31, 2021:

₹ in Lakhs

Particulars	Carrying amount	Less than 1 year	1-2 years	2-5 years	More than 5 years
Financial Liabilities					
Debt Securities	130,378.55	33,549.02	52,973.11	43,481.42	375.00
Borrowings (Other than Debt Securities)	212,141.12	71,031.62	62,064.87	79,044.63	-
Other payables	867.17	746.93	50.05	70.19	-
Other financial liabilities	1,717.01	679.31	380.09	554.06	103.54
Total	**345,103.84**	**106,006.88**	**115,468.12**	**123,150.30**	**478.54**
Financial Assets					
Cash and cash equivalents	126,718.28	126,718.28	-	-	-
Bank Balances other than cash and cash equivalents	8,853.99	3.96	787.51	5,838.73	2,223.79
Loans	435,874.94	67,216.71	66,958.54	228,710.05	72,989.64
Other Financial assets	474.34	185.68	98.41	157.30	32.95
Total	**571,921.55**	**194,124.63**	**67,844.46**	**234,706.08**	**75,246.38**

The table below provides details regarding the contractual maturities of financial liabilities and assets including interest as at March 31, 2020:

₹ in Lakhs

Particulars	Carrying amount	Less than 1 year	1-2 years	2-5 years	More than 5 years
Financial Liabilities					
Debt Securities	107,886.42	24,245.73	66,027.28	17,613.40	-
Borrowings					
(Other than Debt Securities)	128,482.89	38,970.37	36,641.10	50,874.47	1,996.95
Other payables	662.40	662.40	-	-	-
Other financial liabilities	1,568.10	520.11	409.12	509.92	128.95
Total	**238,599.81**	**64,398.61**	**103,077.50**	**68,997.79**	**2,125.90**
Financial Assets					
Cash and cash equivalents	28,977.95	28,977.95	-	-	-
Bank Balances other than					
cash and cash equivalents	16,134.94	13,658.72	-	1,719.47	756.75
Loans	383,080.44	41,092.95	56,621.26	200,946.93	84,419.30
Other Financial assets	524.57	201.49	82.85	203.89	36.34
Total	**428,717.90**	**83,931.11**	**56,704.11**	**202,870.29**	**85,212.39**

47. Disclosures required as per RBI Circulars/Directives

A. Schedule to the Balance Sheet of a Non-Banking Financial Company as required under Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016

₹ in Lakhs

Particulars	As at March 31, 2021		As at March 31, 2020	
	Amount Outstanding	Amount Overdue	Amount Outstanding	Amount Overdue
Liabilities side				
1. Loans and Advances availed by the non-banking financial company, inclusive of interest accrued thereon but not paid				
a. Debentures				
i. Secured	130,378.55	-	107,886.42	-
ii. Unsecured				-
b. Deferred Credits	-	-	-	-
c. Term Loans*	211,944.51	-	128,482.89	-
d. Inter-corporate loans and borrowings	-	-	-	-
e. Commercial Paper	-	-	-	-
f. Public Deposits				
g. Other loans				
Loans repayable on demand (secured) - From Banks	196.60	-	-	-
Loans from related parties (unsecured)	-	-	-	-
Loans from others (unsecured)				
Borrowings under securitisation	-	-	-	-

₹ in Lakhs

Particulars	As at March 31, 2021		As at March 31, 2020	
	Amount Outstanding	Amount Overdue	Amount Outstanding	Amount Overdue
2. Break-up of (1) (f) above (outstanding public deposits inclusive of interest accrued thereon but not paid) :				
a. In the form of Unsecured debentures	-	-	-	-
b. In the form of party secured debentures i.e debentures where there is a shortfall in the value of security	-	-	-	-
c. Other public deposits	-	-	-	-

* includes borrowings under securitisation

₹ in Lakhs

Particulars	Amount Outstanding as on March 31, 2021	Amount Outstanding as on March 31, 2020
Assets side		
3. Break-up of Loans and Advances, including Bills Receivables		
a. Secured	435,874.94	383,080.44
b. Unsecured	-	-
4. Break up of Leased Assets and Stock on Hire and Other Assets counting towards AFC activities		
(i). Leased assets including lease rentals under Receivables		
a. Financial lease	-	-
b. Operating lease	-	-
(ii). Stock on hire including hire charges under Receivables		
a. Assets on hire	-	-
b. Repossessed assets	-	-
(iii). Other loans counting towards AFC activities		
a. Loans where assets have been repossessed (net)	-	-
b. Loans other than (i) above	-	-
5. Break-up of Investments		
a. Current Investments		
1. Quoted		
i. Shares		
a. Equity	-	-
b. Preference	-	-
ii. Debentures and Bonds	-	-
iii. Units of Mutual Funds	-	-
iv. Government Securities	-	-
v. Others	-	-

₹ in Lakhs

Particulars	Amount Outstanding as on March 31, 2021	Amount Outstanding as on March 31, 2020
2. Unquoted		
i. Shares		
a. Equity	-	-
b. Preference	-	-
ii. Debentures and Bonds	-	-
iv. Government Securities	-	-
v. Others	-	-
b. Long-term Investments		
1. Quoted		
i. Shares		
a. Equity	-	-
b. Preference	-	-
ii. Debentures and Bonds	-	-
iii. Units of Mutual Funds	-	-
iv. Government Securities	-	-
v. Others	-	-
2. Unquoted		
i. Shares		
a. Equity	-	-
b. Preference	-	-
ii. Debentures and Bonds	-	-
iii. Units of Mutual Funds	-	-
iv. Government Securities	-	-
v. Others	-	-

6. Borrower group-wise classification of assets financed in 3 and 4 above

₹ in Lakhs

Category	Amount [Net of Provisions]					
	As at March 31, 2021			As at March 31, 2020		
	Secured	Unsecured	Total	Secured	Unsecured	Total
a. Related Parties						
i. Subsidiaries	-	-	-	-	-	-
ii. Companies in the same group	-	-	-	-	-	-
iii. Other Related Parties	-	-	-	-	-	-
b. Other than Related Parties	435,874.94		435,874.94	383,080.44	-	383,080.44
Total	**435,874.94**	**-**	**435,874.94**	**383,080.44**	**-**	**383,080.44**

7. Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted)

₹ in Lakhs

Category	As at March 31, 2021		As at March 31, 2020	
	Market value / breakup or Fair value or NAV	Book Value (Net of Provisions)	Market value / breakup or Fair value or NAV	Book Value (Net of Provisions)
a.Related Parties				
i. Subsidiaries	-	-	-	-
ii. Companies in the same group	-	-	-	-
iii. Other Related Parties	-	-	-	-
b. Other than Related Parties	-	-	-	-
Total	**-**	**-**	**-**	**-**

₹ in Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
8. Other Informations		
a. Gross Non-Performing Assets (stage 3 assets)		
i. Related Parties	-	-
ii. Other than Related Parties	4,519.36	5,322.63
b. Net Non-Performing Assets (stage 3 assets)		
i. Related Parties	-	-
ii. Other than Related Parties	3,707.52	4,380.51
c. Assets acquired in satisfaction of debt	-	-

Additional Disclosure pursuant to Reserve Bank of India notification DNBR (PD) CC. No.029/03.10.001/ 2014-15 dated April 10, 2015

B. Derivatives (Forward rate agreement / interest rate swap)

There has been no forward rate contracts / interest rate swaps or any other derivative transactions carried out by the Company during the year ended March 31, 2021 and March 31, 2020.

C. Investments		
1. Value of Investments		
i. Gross value of investments		
a. In India	-	-
b. Outside India	-	-
ii. Provision for depreciation		
a. In India	-	-
b. Outside India	-	-
iii. Net value of investments		
a. In India	-	-
b. Outside India	-	-
2. Movement of provisions held towards depreciation on investments		
i. Opening balance	-	-
ii. Add : Provisions made during the year	-	-
iii. Less : Write-off / write-back of excess provisions during the year	-	-
iv. Closing balance	-	-
D. Exposure to Real Estate Sector		
1. Direct exposure		
i. Residential Mortgages		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	444,538.09	389,222.85
ii. Commercial Real Estate		
Lending secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.).	-	-

₹ in Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
iii. Investments in Mortgage Backed Securities (MBS) and other securitised exposures		
a. Residential	-	-
b. Commercial Real Estate	-	-
Total exposure to Real Estate sector (gross)	**444,538.09**	**389,222.85**

* These include all loans given by the Company which are secured by the underlying mortgaged properties.

E. Customer Complaints

No. of complaints pending at the beginning of the year	-	-
No. of complaints received during the year	31	15
No. of complaints redressed during the year	31	15
No. of complaints pending at the end of the year	-	-

F. Exposure to Capital Market

The Company does not have any exposure to capital market and hence this disclosure is not applicable.

G. Concentration of Advances

Total Advances during the year to twenty largest borrowers	917.00	1,131.50
Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	0.17%	0.25%

H. Concentration of exposures

Total exposure to twenty largest borrowers	803.12	926.44
Percentage of exposures to twenty largest borrowers to Total exposure of the NBFC	0.18%	0.24%

I. Concentration of NPAs (Stage 3 assets)

Total exposure to top four NPA accounts	134.52	145.77

J. Ratings assigned by Credit Rating Agencies

The Credit Analysis & Research Limited (CARE), CRISIL Limited (CRISIL) and ICRA Limited (ICRA) have assigned ratings for the various facilities availed by the Company, details of which are given below:

Commercial Paper		
- CARE	A1	A1
Long term Bank Facilities		
- CARE	A	A
- ICRA	A	A
Short term bank facilities		
- CARE	A1	A1
Non Convertible Debentures		
- CARE	A	A
- ICRA	A	A
- CRISIL	-	BBB+

Particulars	Percentage of NPAs to total advances in that sector	
	As at March 31, 2021	As at March 31, 2020
K. Sector-wise Gross NPAs (Stage 3 assets)		
Agriculture & allied activities	-	-
MSME*	7.78%	44.61%
Corporate borrowers	-	-
Services*	1.13%	1.55%
Unsecured personal loans	-	-
Auto loans (commercial vehicles)	-	-
Other personal loans	0.70%	0.88%

* Represents small business loans given to borrowers involved in manufacturing/service sectors.

The above sector-wise NPA and advances is based on the data available with the company and filed with Reserve Bank of India, which has been relied upon by the auditors.

L. Movement of NPAs (Stage 3 assets)		
Gross NPAs to Net Advances (%)	1.02%	1.37%
Net NPAs to Net Advances (%)	0.84%	1.13%
Movement of NPAs (Gross)		
(a) Opening balance	5,322.63	1,867.19
(b) Additions during the year	1,422.15	4,553.08
(c) Reductions during the year	(1,228.58)	(611.58)
(d) Write off	(996.83)	(486.06)
(d) Closing balance	4,519.37	5,322.63
Movement of Net NPAs		
(a) Opening balance	4,380.51	1,435.14
(b) Additions during the year	511.58	3,506.99
(c) Reductions during the year	(1,184.56)	(561.62)
(d) Closing balance	3,707.53	4,380.51
Movement of provisions for NPAs (excluding provisions on standard assets)		
(a) Opening balance	942.12	432.05
(b) Provisions made during the year	910.57	1,046.09
(c) Write-off / write-back of excess provisions	(1,040.85)	(536.02)
(d) Closing balance	811.84	942.12

M. Other Regulator - Registration details

Regulator	Registration No.
i. Ministry of Corporate Affairs	U65991TN1984PLC010844
ii. Reserve Bank of India	B-07.00286
iii. National Housing Bank*	05.0134.16

*Certificate of Registration has been surrendered to NHB on June 5, 2020

N. Disclosure of penalties imposed by RBI and other regulators

The Company has paid not paid any penalty during the year ended March 31, 2021 (Year ended March 31, 2020 - 0.15 to NHB)

O. Details of Single Borrower Limit (SGL)/ Group Borrower Limit (GBL)

The Company has not exceeded the prudential exposure limits during the year ended March 31, 2021 and March 31, 2020

P. Overseas assets (for those with joint ventures and subsidiaries abroad)

The Company does not have any joint ventures and subsidiaries abroad during the year ended March 31, 2021 and March 31, 2020 and hence this disclosure is not applicable.

Q. Details of financing of parent company products

The Company does not have a parent company and hence this disclosure is not applicable.

R. Details of non-performing financial assets purchased/ sold

The Company has not purchased any non-performing assets during the financial year ended March 31, 2021 and March 31, 2020.

S. Details of unsecured advances

The Company has not granted any advances against intangible securities during the financial year ended March 31, 2021 and March 31, 2020.

T. Off-Balance Sheet SPVs sponsored

The Company does not have Off-Balance Sheet SPVs sponsored, which are required to be consolidated as per the accounting norms, during the financial year ended March 31, 2021 and March 31, 2020.

U. Remuneration to non-executive directors

The Company has incurred commission of INR 18 Lakhs and sitting fee of INR 13.75 lakhs during the year ended March 31, 2021 (March 31, 2020: Commission - INR 18 lakhs, sitting fee - INR 12.50 lakhs)

V. Draw down from reserves

The Company has not made any draw down from reserves during the year ended March 31, 2021 and March 31, 2020.

W. Provisions and Contingencies

₹ in Lakhs

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Category-wise Break up of 'Provisions and Contingencies' shown in the Statement of Profit and Loss		
Provisions for depreciation on investment	-	-
Provision towards non-performing assets*	866.56	996.42
Provision made towards income tax	12,594.12	10,056.07
Provision for compensated absences	399.18	379.48
Provision for gratuity	306.90	243.54
Provision for standard assets#	2,651.01	3,938.07

* Represents impairment loss allowance on stage 3 loans - Includes write-off of INR 996.83 lakhs (March 31, 2020 - INR 486.06 lakhs))

Represents impairment loss allowance on stage 1 and stage 2 loans.

X. Gold Loan Portfolio

The Company has not provided loan against gold during the year ended March 31, 2021 and March 31, 2020.

Y. Asset Liability Management - Maturity pattern of certain items of assets and liabilities

As at March 31, 2021

₹ in Lakhs

Particulars	Upto 1 month	Over 1 month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Liabilities									
Borrowings from Banks	3,386.54	3,357.10	3,226.62	9,805.16	18,771.12	49,866.69	9,755.40	-	98,168.63
Market Borrowings*	7,056.91	5,676.17	6,198.27	9,473.94	38,803.06	153,497.59	25,547.95	375.00	246,628.89
Assets									
Advances	9,164.06	4,673.72	4,735.06	15,570.43	34,381.85	146,167.08	159,311.40	76,393.56	450,397.16

As at March 31, 2020

₹ in Lakhs

Particulars	Upto 1 month	Over 1 month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Liabilities									
Borrowings from Banks	2,341.42	2,436.19	2,405.62	6,837.51	13,553.82	35,943.95	14,071.03	-	77,589.54
Market Borrowings*	1,245.69	920.76	3,277.17	3,938.52	27,355.24	107,835.36	14,372.23	2,000.46	160,945.43
Assets									
Advances	4,721.32	2,063.73	2,099.79	6,464.20	28,255.60	124,413.99	141,019.11	85,853.50	394,891.24

* Market borrowings include borrowings from all sources other than banks.

Notes:

- The balances considered are without netting of impairment loss allowance (for stage 1 and stage 2 assets) and unamortised borrowing costs/unamortised processing fee.
- The maturity pattern of advances as at March 31, 2020, represent estimated cashflows considering the moratorium given to the customers. Also refer note 51.
- The Company has obtained moratorium from the investors with respect to outstanding under securitisation arrangements. This has been given effect in maturity pattern of market borrowings as at March 31, 2020.

Z. Disclosures in respect of fraud as per the Master Directions DNBS. PPD.01/66.15.001/2016-17, dated September 29,

₹ in Lakhs

Particulars	Less than INR 1 Lakh		More than INR 1 Lakh less than INR 25 Lakh		Above INR 25 Lakh		Total	
	Number of Instances	₹ in lakhs	Number of Instances	₹ in lakhs	Number of Instances	₹ in lakhs	Number of Instances	₹ in lakhs
Person involved:								
Staff**	1.00	0.97	-	-	-	-	1	0.97
Outsiders	-	-	-	-	-	-	-	-
Total	**1.00**	**0.97**	**-**	**-**	**-**	**-**	**1**	**0.97**
Type of fraud:								
Cash Mishandling**	1.00	0.97	-	-	-	-	1	0.97
Others	-	-	-	-	-	-	-	-
Total	**1.00**	**0.97**	**-**	**-**	**-**	**-**	**1**	**0.97**

** The amount has been recovered fully and the above frauds have already been disclosed to the RBI, wherever applicable.

AA. Disclosures Pursuant to Reserve Bank of India Guidelines on Liquidity Risk Management RBI/2019-20/88 DOR.NBFC (PD) CC.No.102/03/.10.001/2019-20 dated November 4, 2019

As per the Guidelines on Liquidity Risk Management Framework for NBFCs issued by RBI vide notification no. RBI/2019-20/88 DOR.NBFC (PD) CC. No.102/03.10.001/2019-20, all non-deposit taking NBFCs with asset size more than INR 5000 crores are required to maintain Liquidity Coverage Ratio (LCR) from December 1, 2020, with the minimum LCR to be 30%, progressively increasing, till it reaches the required level of 100%, by December 1, 2024.

₹ in Lakhs

Particulars	Quarter ended 30 June 2020		Quarter ended 30 September 2020		Quarter ended 31 December 2020		Quarter ended 31 March 2021	
	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
High Quality Liquid Assets								
1. Total High Quality Liquid Assets (comprise of cash on hand and demand deposits with Scheduled Commercial Banks)	45,077.52	45,077.52	47,465.99	47,465.99	36,764.77	36,764.77	15,185.85	15,185.85
Cash outflows								
2. Deposits (for deposit taking companies)	-	-	-	-	-	-	-	-
3. Unsecured wholesale funding	-	-	-	-	-	-	-	-
4. Secured wholesale funding	7,817.81	8,990.48	9,303.09	10,698.55	26,794.82	30,814.05	12,254.44	14,092.60
5. Additional requirements, of which	-	-	-	-	-	-	-	-
(i) Outflows related to derivative exposures an other collateral requirements	-	-	-	-	-	-	-	-
(ii) Outflows related to loss on funding on debt products	-	-	-	-	-	-	-	-

₹ in Lakhs

Particulars	Quarter ended 30 June 2020		Quarter ended 30 September 2020		Quarter ended 31 December 2020		Quarter ended 31 March 2021	
	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
(iii) Credit and liquidity facilities	-	-	-	-	-	-	-	-
6. Other contractual funding obligations	-	-	-	-	-	-	-	-
7. Other contingent funding obligations	21,783.33	25,050.83	21,383.33	24,590.83	20,983.33	24,130.83	20,366.67	23,421.67
Total cash outflows	**29,601.14**	**34,041.31**	**30,686.42**	**35,289.38**	**47,778.15**	**54,944.88**	**32,621.11**	**37,514.27**
Cash Inflows								
9. Secured Lending	160.06	120.04	7,889.15	5,916.86	11,990.89	8,993.17	12,848.67	9,636.50
10. Inflows from fully performing exposures	-	-		-	-	-	-	-
11. Other cash inflows	9,077.33	6,808.00	50,807.74	38,105.80	79,479.00	59,609.25	89,469.11	67,101.83
12. Total cash inflows	**9,237.39**	**6,928.04**	**58,696.89**	**44,022.66**	**91,469.89**	**68,602.42**	**102,317.78**	**76,738.33**
		Total Adjusted Value		**Total Adjusted Value**		**Total Adjusted Value**		**Total Adjusted Value**
13. Total HQLA		45,077.52		47,465.99		36,764.77		15,185.85
14. Total Net cash outflows		27,113.27		8,822.35		13,736.22		9,378.57
15. Liquidity Coverage Ratio (%)		166%		538%		268%		162%

Notes:

1. The average weighted and unweighted amounts are calculated taking simple average based on monthly observation for the respective quarter. The weightage factor applied to compute weighted average value is constant for all the quarters.
2. Prior to introduction of LCR framework, the company used to maintain a substantial share of its liquidity in form of fixed deposits with banks and investment in mutual funds. Post the introduction of LCR framework, the Company has consciously worked towards increasing its investment in High Quality Liquid Assets (HQLA) as per the RBI guidelines.
3. Weighted values have been calculated after the application of respective haircuts (for HQLA) and stress factors on inflow and outflow.
4. The above details is based on the data available with the Company, which has been relied upon by the auditors.
5. Since the disclosure is effective from current financial year, the comparative disclosure for previous year is not applicable.

Qualitative information:

1. The Company has implemented the guidelines on Liquidity Risk Management Framework prescribed by the Reserve Bank of India requiring maintenance of Liquidity Coverage Ratio (LCR), which aim to ensure that an NBFC maintains an adequate level of unencumbered HQLAs that can be converted into cash to meet its liquidity needs for a 30 calendar day time horizon under a significantly severe liquidity stress scenario.

2. LCR = Stock of High-Quality Liquid Assets (HQLAs)/Total Net Cash Outflows over the next 30 calendar days

3. HQLAs comprise of cash on hand and demand deposits with Scheduled Commercial Banks.

4. Total net cash outflows are arrived after taking into consideration total expected cash outflows minus total expected cash inflows for the subsequent 30 calendar days. As prescribed by RBI, total net cash outflows over the next 30 days = Stressed Outflows - [Min (stressed inflows; 75% of stressed outflows)]. Total expected cash outflows (stressed outflows) are calculated by multiplying the outstanding balances of various categories or types of liabilities and off-balance sheet commitments by 115% (15% being the rate at which they are expected to run off further or be drawn down). Total expected cash inflows (stressed inflows) are calculated by multiplying the outstanding balances of various categories of contractual receivables by 75% (25% being the rate at which they are expected to under-flow).

5. The inflows included under "Secured Lending" for quarter ended June 30, 2020 and September 30, 2020 are after considering the moratorium extended to the customers (also refer Note 51). “Other cash inflows” include mutual funds and callable fixed deposits maturing within 30 days.

6. The Liquidity Risk Management framework of the Company is governed by its Liquidity Risk Management Policy and Procedures approved by the Board. The Asset Liability Management Committee (ALCO) oversee the implementation of liquidity risk management strategy of the Company and ensure adherence to the risk tolerance/limits set by the Board.

7. The Company maintains a robust funding profile with no undue concentration of funding sources. In order to ensure a diversified borrowing mix, concentration of borrowing through various sources is monitored. Further, the Company has prudential limits on investments in different instruments to maintain a healthy investment profile. There is no currency mismatch in the LCR. The above is periodically monitored by ALCO.

AB. Disclosures Pursuant to Reserve Bank of India Guidelines on Securitisation Transactions RBI//2012-13/170 DNBS. PD. No. 301/3.10.01/2012-13 dated 21 August 2012 and Additional Disclosure pursuant to Reserve Bank of India notification DNBR (PD) CC. No.029/03.10.001/ 2014-15 dated April 10, 2015

Details of securitisation during the year Securitisation of Assets:

₹ in Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
No of Special Purpose Vehicle's (SPV's) sponsored by the NBFC for securitisation transactions (Nos.)	12	4
Total amount of securitised assets as per books of the SPVs sponsored by the NBFC#	81,815.63	33,395.95
Total amount of exposures retained by the NBFC to comply with Minimum Retention Ratio (MRR) as on the date of balance sheet		
a) Off-balance sheet exposures		
- First loss	-	-
- Others	-	-
b) On-balance sheet exposures		
- First loss	26,622.41	7,921.46
- Others	-	-
Amount of exposures to securitisation transactions other than MRR		
a) Off-balance sheet exposures		
i) Exposure to own securitisations		
- First loss	-	-
- Others	-	-
b) On-balance sheet exposures		
i) Exposure to own securitisations		
- First loss	5560.81	-
- Others (Receivables from SPV's for Assets De-recognised)	-	-
ii) Exposure to third party securitisations		
- First loss	-	-
- Others	-	-

represents the value of securitised assets retained in the books of the NBFC as the assets were not de-recognised . Does not include value of overcollateralisation on loan assets.

*The Company had consummated 2 transactions during the financial year ended March 31, 2021 under the partial credit guarantee scheme of the Government of India. While structually similar to other securitization/PTC Transactions uindertaken by the company, no SPVs were created for these 2 transactions. The above disclosure includes as at March 31, 2021 also the details pertaining to these transactions.

The Company has neither entered into any assignment transaction nor sold financial assets to Securitisation / Reconstruction Company for Asset Reconstruction. Hence the related disclosures are not applicable.

AC. Disclosure relating to Securitisation pursuant to Reserve Bank of India notification DBOD. No.BP. 1502/21.04.048/ 2004-05 dated 1 February 2006*

₹ in Lakhs

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
1. Total number of contracts for loan assets securitised during the year	33,134	18,762
2. Book value of Loan assets securitised during the year*	78,578.96	39,886.34
3. Sale consideration received for securitised assets during the year	78,578.96	39,886.34
4. Gain/ Loss (if any) on sale of securitised loan assets	-	-
5. Quantum (Outstanding value) of service provided:	-	-
Credit Enhancement		
Fixed Deposit	5,236.94	2,405.63
Overcollateralisation	13,944.43	5,515.84

The securitised loans disclosed in the above notes (i.e 47-AB, 47-AC) do not qualify for de-recognition under Ind-AS. Nevertheless, the information in the notes is presented to ensure compliance with the RBI disclosure requirements.

* The value of overcollateralisation on loan assets, given as credit enhancement has not been considered here for the purpose of this disclosure.

The Company has neither entered into any assignment transaction nor sold financial assets to Securitisation / Reconstruction Company for Asset Reconstruction. Hence the related disclosures are not applicable.

AD. Disclosure pursuant to Reserve Bank of India notification DOR (NBFC).CC.PD.No No.109 /22.10.106/2019- 20 dated 13 March 2020 pertaining to Asset Classification as per RBI Norms

Comparison between Ind AS 109 provisions and IRACP norms
As at 31 March 2021

₹ in Lakhs

Asset Classification as per RBI norms	Asset Classification as per Ind AS 109	Gross carrying amount as per Ind AS	Loss allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provision required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
Performing assets						
Standard assets	Stage 1	389,595.07	1,276.53	388,318.54	1,558.38	(281.85)
	Stage 2	50,423.65	6,574.78	43,848.86	201.69	6,373.09
Subtotal		**440,018.72**	**7,851.31**	**432,167.40**	**1,760.07**	**6,091.24**
Non -Performing assets*						
Substandard	Stage 3	2,931.21	552.40	2,378.81	293.01	259.39
Doubtful						
Upto 1 year	Stage 3	1,588.16	259.44	1,328.72	317.63	(58.19)
1 to 3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful		**1,588.16**	**259.44**	**1,328.72**	**317.63**	**(58.19)**
Loss assets	Stage 3	-	-	-	-	-
Subtotal for NPA		**4,519.37**	**811.84**	**3,707.53**	**610.64**	**201.20**
Other items	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal for other items		-	-	-	-	-
Total		**444,538.09**	**8,663.15**	**435,874.93**	**2,370.71**	**6,292.44**

As at 31 March 2020

₹ in Lakhs

Asset Classification as per RBI norms	Asset Classification as per Ind AS 109	Gross carrying amount as per Ind AS	Loss allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provision required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
Performing assets						
Standard assets	Stage 1	3,43,232.28	1,661.41	3,41,570.87	1,373.10	288.31
	Stage 2	40,667.94	3,538.88	37,129.06	162.72	3,376.16
Subtotal		**3,83,900.22**	**5,200.29**	**3,78,699.93**	**1,535.82**	**3,664.47**
Non -Performing assets*						
Substandard	Stage 3	4,300.97	539.89	3,761.08	430.16	109.73
Doubtful						
Upto 1 year	Stage 3	720.64	101.21	619.43	144.23	(43.02)
1 to 3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful		**720.64**	**101.21**	**619.43**	**144.23**	**(43.02)**
Loss assets	Stage 3	301.02	301.02	-	301.02	-
Subtotal for NPA		**5,322.63**	**942.12**	**4,380.51**	**875.41**	**66.71**
Other items	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal for other items		-	-	-	-	-
Total		**3,89,222.85**	**6,142.41**	**3,83,080.44**	**2,411.23**	**3,731.18**

* The base amount considered for computation of provision required as per IRACP norms also include interest accrued on stage 3 assets

In terms of the requirement as per RBI notifications no. RBI/2019-20/170 DOR (NBFC).CC. PD No. 109/22.10.106/2019-20 dated March 13, 2020 on implementation of Indian accounting standards, Non-Banking Financial Companies (NBFCs) are required to create an impairment reserve for any shortfall in impairment allowances under Ind AS 109 and Income recognition, Asset Classification and Provisioning (IRACP) Norms (including provision on standard assets). The impairment allowances under Ind AS 109 made by the Company exceeds the total provision required under IRACP (including standard asset provisioning) and accordingly, no amount is required to be transferred to impairment reserve. Also refer Note 51.

AE. Disclosure pursuant to Reserve Bank of India Circular DOR.No.BP.BC.63/21.04.048/2020-21 dated 17 April 2020 pertaining to Asset Classification and Provisioning in terms of COVID19 Regulatory Package

Details of moratorium to SMA/overdue categories

₹ in Lakhs

Particulars	As at March 31, 2021
Respective amounts in SMA/overdue categories, where the moratorium/deferment was extended*	101,340.56
Respective amount where asset classification benefits is extended**	-
Provision made on the cases where asset classification benefit is extended ***	-
Provisions adjusted during the respective accounting periods against slippages and the residual provisions	-

* Outstanding as on March 31, 2021 on account of all cases where moratorium benefit is extended by the Company up to August 31, 2020.
** Outstanding on account of cases where the asset classification benefit is extended as on 31 March 2021 for cases which were entitled to a moratorium until August 31, 2020.
*** The Company has made provision for impairment loss allowance (as per Expected credit loss model) for the period ended March 31, 2021.

48. Disclosure under clause 28 of the Listing Agreement for Debt Securities

₹ in Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Loans and advances in the nature of loans to subsidiaries	-	-
Loans and advances in the nature of loans to associates	-	-
Loans and advances in the nature of loans where there is -		
(i) no repayment schedule or repayment beyond seven years	-	-
(ii) no interest or interest below section 186 of Companies Act, 2013	-	-
Loans and advances in the nature of loans to firms/companies in which directors are interested	-	-

49. Disclosure of Specified Bank Notes ('SBN')

The disclosures regarding details of specified bank notes held and transacted during November 8, 2016 to December 30, 2016 has not been made in these financial statements since the requirement does not pertain to financial year ended March 31, 2021.

50. Amalgamation with Five-Star Housing Finance Private Limited - wholly owned subsidiary

During the financial year ended March 31, 2020, the Company vide its board meeting dated August 29, 2019 had approved the Scheme of Amalgamation (“the Scheme”) of its wholly owned subsidiary - Five-Star Housing Finance Private Limited, which was in the business of providing long term housing finance, with the Company and their respective shareholders under sections 233 of the Act and other applicable provisions of the Act. The appointed date under the aforesaid Scheme is April 1, 2019. This scheme has been approved by the regulatory authorities. As required by the IND AS 103 - Business Combinations, pooling of interest method has been considered for common control business combination and accordingly, the assets and liabilities are reflected in the books of the Company at their respective carrying amounts. Further, in accordance with Ind AS 103 - Business Combinations, financial statements have been restated from April 1, 2018.

51. Impact of Covid 19

The outbreak of COVID-19 pandemic and consequent regional lockdowns has severely impacted various activities across the country. The extent of impact of second wave of COVID-19 on the economy would also be dependent upon on future developments including measures taken by the Government, Regulator, responses of businesses and consumers to the pandemic. Therefore, the impact on the Company's business, cash flows and financial statements, is dependent on such future developments, which are highly uncertain.

In accordance with the Reserve bank of India (RBI) guidelines related to "Covid-19 regulatory package" dated March 27, 2020 and subsequent guidelines on EMI moratorium dated April 17, 2020 and May 23, 2020 the Company has offered moratorium to its customers based the eligibility for EMIs falling due between March 1, 2020 to August 31, 2020. Further, the Company offered resolution plans to its customers pursuant to RBI's guideline 'Resolution framework for Covid-19 related stress' dated August 6, 2020. Disclosures as required by RBI for moratorium is given in Note 47 AE.

In accordance with the Board approved moratorium policy read with the Reserve Bank of India (RBI) guidelines dated March 27, 2020, April 17, 2020, May 23, 2020 and August 6, 2020 relating to 'COVID-19 – Regulatory Package' and guidelines issued thereto, the Company has granted moratorium up-to five months on the payment of instalments falling due between April 1, 2020 and August 31, 2020 to all eligible borrowers on a suo-moto basis based on the Company's policy approved by its Board. Based on an assessment by the Company, this relaxation has not been deemed to be automatically triggering significant increase in credit risk and in the absence of other credit risk indicators, the granting of a moratorium period does not result in accounts becoming past due and automatically triggering Stage 2 or Stage 3 classification criteria. Accordingly, in respect of accounts where moratorium benefit have been granted, the staging of those accounts as at March 31, 2021 is based on the days past due status considering the benefit of moratorium period in accordance with the Reserve Bank of India Covid-19 Regulatory Package.

Estimates and associated judgments / assumptions applied in preparation of these financial statements including determining the impairment loss allowance and expected future cash inflows / outflows are based on a combination of historical experience and emerging / forward looking indicators resulting from the pandemic. In addition to these early indicators, the Company has separately incorporated estimates, assumptions and judgements specific to the impact of the COVID-19 pandemic in the measurement of impairment loss allowance for the year ended March 31, 2021. In addition to the indicators available, the Company has also used potential stress on probability of default and exposure at default on the expected credit losses on loans and accordingly recognized an expected credit loss on loans of INR 8,663.15 lakhs as at March 31, 2021 (As at March 31, 2020 - INR 6,142.41 lakhs) including an additional impairment provision amounting to INR 3,517.57 lakhs (including write offs of INR 996.83 lakhs) during the current year (Year ended March 31, 2020 - INR 4,934.19 lakhs (including write offs of INR 486.06 lakhs)). The Company believes that it has considered all the possible impact of the currently known events arising out of COVID-19 pandemic in the preparation of financial statements. However, the impact assessment of COVID-19 is a continuing process given its uncertainty in nature and duration, this may have corresponding impact in the financial position. The Company will continue to monitor any material changes to the future economic conditions.

52. Disclosure under clause 16 of the Listing Agreement for Debt Securities

The listed debentures are secured by exclusive charge on identified book debts. Additionally, certain listed debentures are also backed by a pari-passu charge on an immovable property of the company

53. The Company had complied with the interim order granted by the Honourable Supreme Court of India dated 3 September 2020 Public Interest Litigation (PIL) by Gajendra Sharma Vs Union of India & ANR to not declare addditional accounts as non-performing asstes (NPA) post 31 August 2020 which were not declared as (NPA) as of 31 August 2020. The interim order stood vacated on 23 March 2021 in the matter of Small Scale Industrial Manufacturers Associations vs UOI & Others. In accordance with the order and the instructions in paragraph 5 of the RBI circular dated 7 April 2021 issued in this connection, the Company has complied with the asset classification of borrower accounts as per the extant RBI instructions / IRAC norms. The Company has made the provision on such borrower accounts, as per the requirement of Ind AS.

54. The Government of India, Ministry of Finance, vide its notification dated 23 October 2020, had announced COVID-19 Relief Scheme for grant of ex-gratia payment of difference between compound interest and simple interest for six months to borrowers in specified loan accounts ("the Scheme"), as per the eligibility criteria and other aspects specified therein and irrespective of whether RBI moratorium was availed or not. The Company had implemented the Scheme in accordance with the requirements of the notification and credited to the accounts of or remitted amounts to the eligible borrowers as per the Scheme.

55: Events after the reporting period

Ind AS 10 Events after the Reporting Period, requires an entity to evaluate information available after the balance sheet date to determine if such information constitutes an adjusting event, which would require an adjustment to the financial statements, or an on-adjusting event, which would only require disclosure.

a) In accordance with instructions in RBI circular dated April 7, 2021, all lending institutions shall put in place a Board approved policy and refund / adjust the 'interest on interest' charged to borrowers during the moratorium period, irrespective of whether moratorium had been fully or partially availed, or not availed. Pursuant to these instructions. the Company has put in place a Board approved policy on "Refund/Adjustment of Interest on Interest charged during the Moratorium Period" and accordingly estimated the said amount based on guidance provided by Indian Banks Association (IBA) on April 19, 2021 and reversed the income to the extent of INR 1144.30 lakhs during the current financial year.

b) During the month of April 2021, the Company made preferential allotment of 14,71,771 fully paid-up equity shares at a price of Rs.10 each at a premium of Rs.3,508.71 per share pursuant to approval by the Board of Directors at its meeting held on March 22, 2021 which was followed by the approval of shareholders in the Extraordinary General Meeting held on April 22, 2021.

56. Previous year figures

Prior year figures have been reclassified / regrouped wherever necessary to conform to the current year's classification / disclosure.

See accompanying notes to the financial statements

As per our report of even date
for **B S R & Co. LLP**
Chartered Accountants
Firm's registration number: 101248W/W-100022

For and on behalf of the Board of Directors of
Five-Star Business Finance Limited
CIN : U65991TN1984PLC010844

K Raghuram
Partner
Membership No: 211171

D Lakshmipathy
Chairman & Managing Director
DIN : 01723269

R Anand
Director
DIN : 00243485

G Srikanth
Chief Financial Officer

K Rangarajan
Chief Executive Officer

B Shalini
Company Secretary
ACS: A51334

Place: Chennai
Date May 28, 2021

Place: Chennai
Date: May 28, 2021

FIVE STAR

Business Finance Limited

Five-Star Business Finance Limited
New No.27, Old No.4, Taylor's Road,
Kilpauk, Chennai - 600 010.
Phone: 044-46106200
www.fivestargroup.in

FIVE STAR

Ordinary Individuals Extraordinary Team

ANNUAL REPORT

2019 - 2020

FIVE STAR

Business Finance Limited

Vision

Reaching the Unreached through suitable credit solutions

Mission

Provide appropriate credit solutions to the hitherto unreached segment of the market by developing a niche underwriting model, built towards evaluating the twin strengths of the borrowers' intention to repay and ability to repay, with the ultimate objectives of increasing customer satisfaction and maximising stakeholder returns

Corporate Information

Board of Directors

D Lakshmipathy
A Ramanathan
R Anand
Bhama Krishnamurthy
B Haribabu
L R Raviprasad
Vikram Vaidyanathan
Thirulokchand Vasan
Ling Wei Ong
Arjun Saigal
G V Ravishankar
Sanjeev Mehra

Board Observer

Niren Shah

Key Managerial Personnel

K Rangarajan
Chief Executive Officer

G Srikanth
Chief Financial Officer

B Shalini
Company Secretary

Statutory Auditors

B S R & Co. LLP
KRM Tower, 1st and 2nd Floor,
No. 1, Harrington Road, Chetpet,
Chennai - 600031

Internal Auditors

Sundaram & Srinivasan
39-A, G K Flats,
South Boag Road, T Nagar,
Chennai - 600017

Secretarial Auditor

S Sandeep & Associates
F – 20, Gemini Parsn Apts,
448/ 599, Cathderal Garden
Road, Nungambakkam,
Chennai – 600006

Registrar and Transfer Agents

NSDL Database Management Limited
4th Floor, Trade World, 'A' Wing, Kamala Mills Compound,
Lower Parel, Mumbai – 400013

Registered Office

New No 27, Old No 4, Taylor's Road,
Kilpauk, Chennai - 600010
CIN: U65991TN1984PLC010844

Contents

CHAIRMAN'S MESSAGE

Message from The Chairman & Managing Director

Dear Shareholders,

Its' with mixed feelings that I am writing to you this year, in my capacity as the Chairman and Managing Director of your company, to provide an update on the performance of your company during the financial year 2019-20.

The financial year ended March 31, 2020 was supposed to be a special year for your company. 2020 will be remembered as the year when your company was on the cusp was achieving something very special, something that was charted out 30 months back. It would not be an overstatement if I say that every employee of your company gave his / her heart and soul towards achieving this. Let me lay down the details of what we wanted to achieve and the contours of this journey over the last 30 months.

The Target – 4,040 by 2020 i.e. 4,040 Crores by March 2020

This journey can be broken up into the following phases:

***The Dream Phase* –** 30 months back, your company embarked on an ambitious journey of achieving a portfolio of 4,040 Crores by March 2020. Sep 2017 marked the month when your company dared to dream big. From a portfolio of about 700 Crores in Sep 2017, your company set itself a target a 4,040 Crores translating to an ambitious growth of about 6x over 30 months. This was indeed an extremely ambitious target given where your company was in Sep 2017. However, we were excited and enthusiastic about our dream; it consumed us like a forest fire, which we could smell, taste, feel and see from a mile away!

***The Belief Phase* –** Setting a target was one thing but it was essential for everyone in the organisation to develop a firm belief in the target and the means and methods towards achieving this target. Every effort was made to completely focus the attention of every single employee towards this target. *"So many of our dreams at first seem impossible, then seem improbable, and then, when we summon the will, they soon become inevitable".* This was our mindset, not just the Management or the people at the Head Office but every employee developed firm conviction in the dream and set out towards realising it.

***The Execution Phase* –** With firm belief in the dream, your company laid out detailed plans towards achieving the target set. For 30 months, every employee's single-pointed attention was completely focused on this. Branches were put up, officers were hired, supervisory layers were strengthened, monthly / quarterly targets were set up and tracked day in and day out. For 30 months since Sep 2017, every employee in the company not just lived the dream but lived to see the day when this dream would become reality.

As Mark Twain remarks, *"We sailed away from the safe harbour, we caught the trade winds in our sails. We set out to Dream, Explore and Discover".*

By the mid of March 2020, we were just half a step away from the target and I vividly remember the infectious enthusiasm that permeated the environment then. There was palpable excitement that the efforts of the last 30 months were about to bear fruit but that is when providence decided to intervene in the form of COVID-19. The last 10 days of March 2020 was lost due to lockdown and you company's business and collections prospects were hampered. Despite having sufficient disbursals on hand to comfortably achieve the target, your company chose not to chase the target, given the uncertainty around the future. As always, your company chose prudence over achievement, conservatism over triumph, vigilance over victory. We did fall marginally short of the magical target, but the way we worked towards the target for 30 months and still chose to resist the temptation to achieve it any cost, given the significant change in conditions, were enough reasons for us to hold our heads high.

More so, as I write to you today, I cannot but feel a sense of pride in the way your company's employees reacted to this unprecedented crisis. Their shoulders did sag, but only for a brief while. Eventually, they lifted themselves out of this crisis carrying your company on their shoulders. Having seen the dream evaporate in front of their eyes, they did not let it affect the best they could still give the company. Picking themselves up, they kept constant touch with the customers even during the last 10 days of March, exhorting them to make payments on their loans. Needless to say, their efforts were instrumental in containing the Gross Stage 3 assets (erstwhile Non-Performing Assets) at 1.37%, without taking any dispensation benefit provided by RBI.

While their contributions during the last 10 days of March 2020 were laudable, the way they rose to the occasion to confront the vicissitudes caused by COVID is nothing short of remarkable.

However, before I get into your employees' contributions during the current financial year, I would like to list some of the key business highlights and achievements of your company during FY 2020:

- *Disbursed an amount of about 2,400 Crores to about 79,000 borrowers, resulting in an increase in the borrower base from around 73,000 to more than 140,000*
- *Increase in Assets under Management (AUM) from INR 2,113 Cr to INR 3,892 Cr, registering a growth of over 84%*
- *Profit After Tax increased from about INR 157 Crores during the previous year to about INR 261 Cr INR during the year*
- *Gross NPA of 1.36%; while this is higher than what would have materialized in the absence of COVID-19, this is still one of the best asset qualities among companies operating in this borrower segment*
- *Provided employment incrementally to almost 2,000 staff and closed with a staff headcount of about 4,000*
- *Incremental debt availment of INR 1,800 Cr during the year (as against INR 636 Cr in the previous year), despite the adverse sentiments that existed towards NBFCs during the year*
- *Additional equity capital of INR 315 Cr was infused by TPG Capital, reinforcing their confidence in your company*

Getting back to the employee contributions during the first quarter of current financial year i.e. FY 2021, it can be labelled as a war between the power of COVID-19 and the resilience of Five Star employees. With the pandemic and lockdown at its peak, the resilience of the staff was also at its peak. Your company undertook few actions during this period which have yielded great results:

a. Given the client segment and their behavioural patterns, your company provided an 'opt-out' moratorium i.e. moratorium to all the Stage 1 and Stage 2 assets (erstwhile Standard assets) were offered by default. It was felt that this was the best manner of passing on the moratorium benefit to your company's customers.

b. Despite providing the moratorium, your company decided to engage with the customers and educate them the benefit of paying their EMIs on time if their cashflows afforded them the ability to do so. The mammoth task of connecting with 140,000 customers and explaining the benefits of paying early was shouldered by the employees.

c. More importantly, the customers also clearly understood the impact of the moratorium on their loan EMIs / loan tenures. Each of the customers understood the long term benefits that would accrue to them if they continued to pay their EMIs despite the offer of moratorium by the company. The strong relationship that existed between the company and the customers gave immense confidence to the customers and a large part of them came out to pay the EMIs on their own.

This gargantuan effort resulted in almost INR 300 Crores of collections during the first quarter of this year. This is lesser compared to a normal quarter, but to me, this is even more special given the immensely tough circumstances in which it was achieved.

முயற்சி திருவினை ஆக்கும் முயற்றின்மை
இன்மை புகுத்தி விடும்

Effort certainly brings you fortune while the lack of effort brings nothing

What the great saint Thiruvalluvar proclaimed 2000 years ago was on display for all of us to see. No doubt COVID as a pandemic was unprecedented, but what I saw in the last 3 months has made me realise that the undaunted power of human will would, under all circumstances, triumph over any natural calamity.

Further, the last 30 months and the first quarter of this year showed us an important aspect of life – each of us are ordinary individuals but together, we become an extraordinary team and deliver extraordinary results. And that is the theme of this year's Annual report – **"Ordinary Individuals, Extraordinary Team".** Words can only describe so much but all I can say to my staff is "Take a bow".

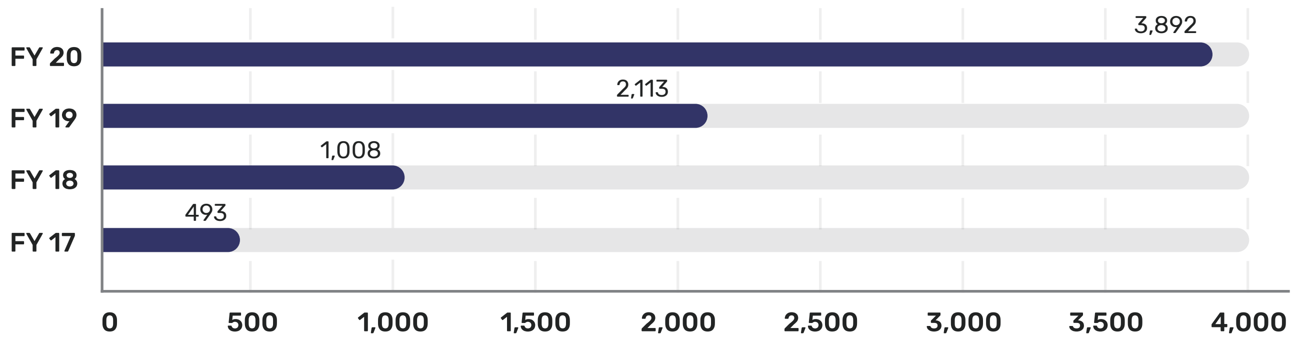
As has always been in the past, all the company's stakeholders viz. shareholders, lenders, directors, auditors and other industry stakeholders like the rating agencies, regulatory bodies have stood strongly behind the company at all times and my sincere thanks and gratitude for all their support and inputs to your company over the years. Today, your company is a much stronger institution, with the capability to withstand all shocks and surprises that keep plaguing the NBFC industry from time to time. I cannot thank all the stakeholders enough for their contribution towards adding to the strength of your company.

In conclusion, let me state – An institution can be made up of several brick and mortar offices, have the latest technology in place, build the most robust processes but without the right set of people, all these would be of no avail. People indeed make an organization, and with the right set of people, I am very confident that your company is bound to reach greater heights in the years to come.

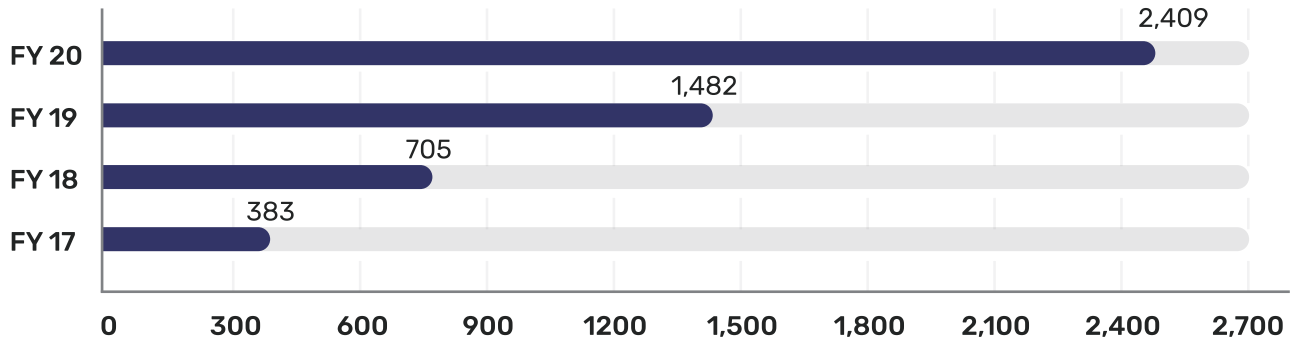
Best Wishes
D Lakshmipathy
Chairman and Managing Director

BUSINESS HIGHLIGHTS

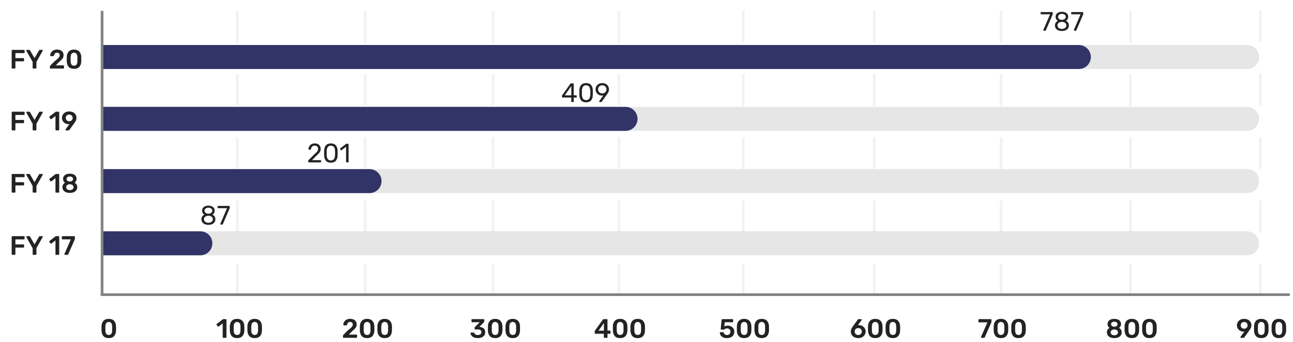
Consolidated AUM



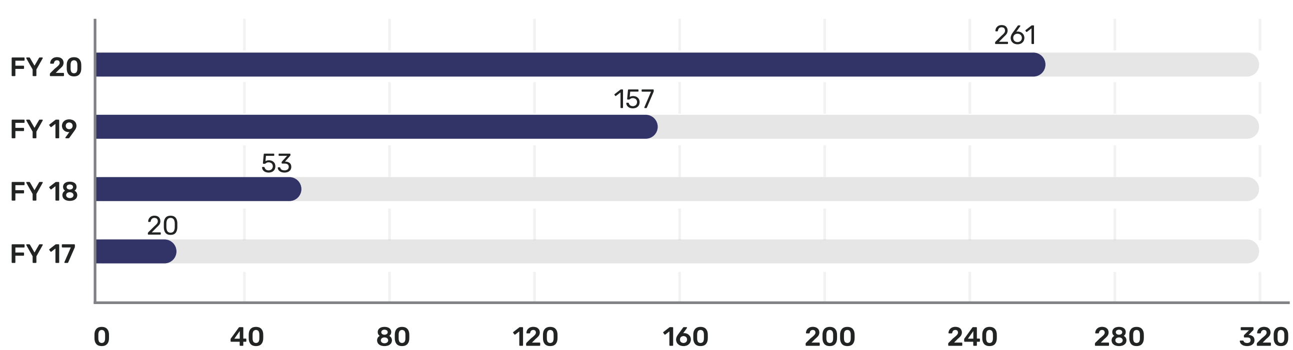
Loan Disbursements



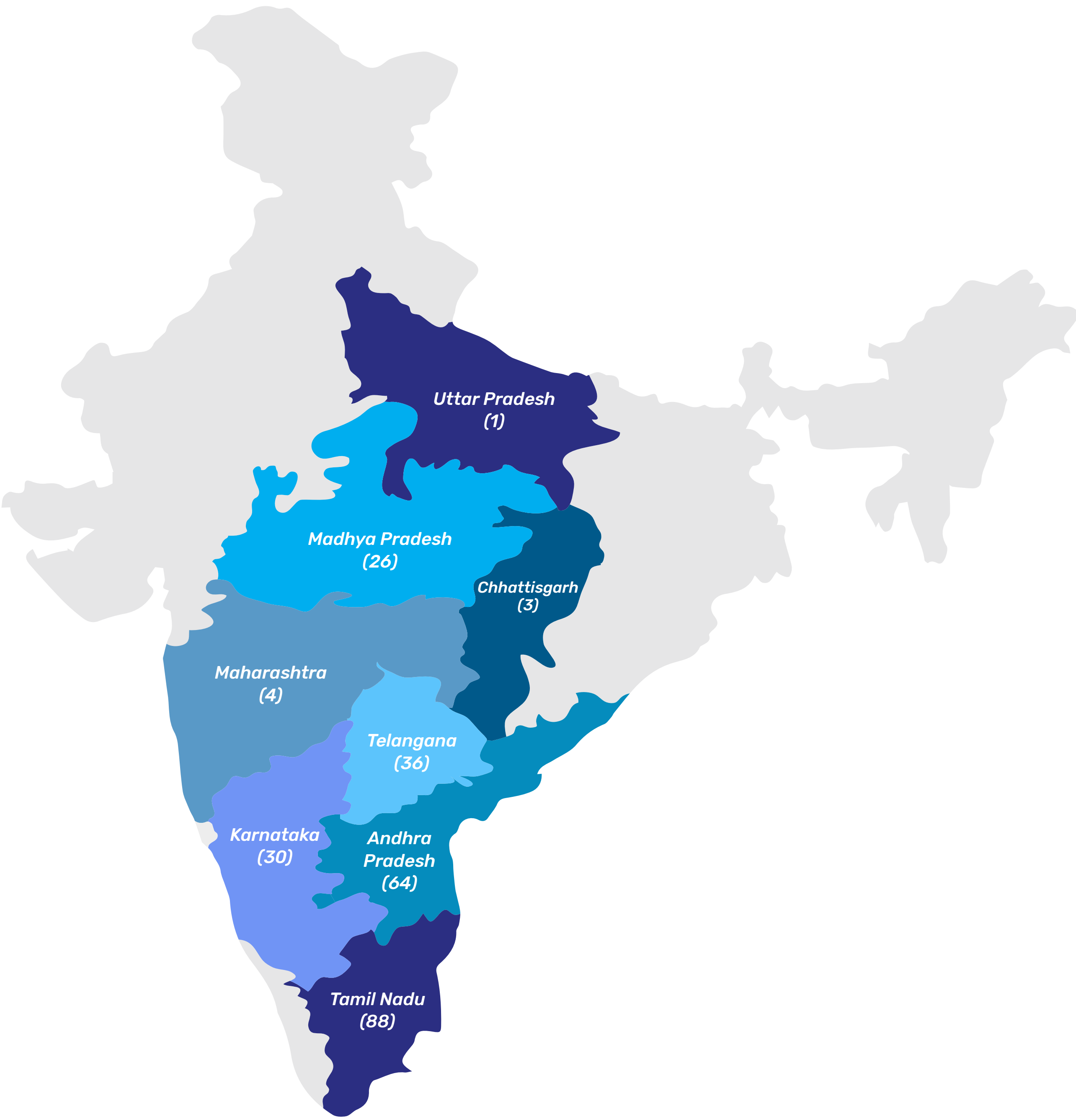
Revenues



Profit After Tax (PAT)



Branches


Uttar Pradesh
(1)
Madhya Pradesh
(26)
Chhattisgarh
(3)
Maharashtra
(4)
Telangana
(36)
Karnataka
(30)
Andhra
Pradesh
(64)
Tamil Nadu
(88)

Lending Relationships

Banks

Andhra Bank *(merged with Union Bank of India)*
AU Small Finance Bank
Bandhan Bank
Bank Of Baroda
Bank of India
Capital Small Finance Bank
Central Bank of India
City Union Bank
DCB Bank
Equitas Small Finance Bank
Federal Bank
HDFC Bank
Oriental Bank of Commerce *(merged with Punjab National Bank)*
IndusInd Bank
Karnataka Bank
Kotak Mahindra Bank
Karur Vysya Bank
RBL Bank
SBM Bank (India) Ltd.
South Indian Bank
State Bank Of India
Yes Bank
Woori Bank
Ujjivan Small Finance Bank
Utkarsh Small Finance Bank
Union Bank of India

NBFC

Aditya Brila Finance
Bajaj Finance
Cholamandalam Investment & Finance
Nabkisan Finance
Northern Arc Capital
Tata Capital
AK Capital
Hinduja Leyland Finance
Poonawalla Finance
Nabsamruddhi Finance Ltd
Sundaram Finance
Vivriti Capital

Others

FMO
Karvy Capital
responsAbility
Franklin Templeton MF
Northern Arc Investments

BOARD OF DIRECTORS

Board of Directors

D Lakshmipathy – Chairman & Managing Director

He is an Engineering graduate from Madras University and hails from a business family. Before joining Five-Star he was the Executive Director at RKV Finance Limited, which was subsequently amalgamated with Five-Star. In 2002 he joined the Board of Five-Star as Executive Director and his wide exposure in lending to Small Business customers helped him to develop a similar advance portfolio at Five-Star with great success. He is responsible for the more expansive branch presence of the company in the last 9 years, growing from 6 branches in 2009 to about 175 as at March 2019 currently spread across Tamil Nadu, Andhra Pradesh, Telangana, Karnataka, Maharashtra & Madhya Pradesh and has helped grow the portfolio to over INR 2000 Cr.

A Ramanathan – Independent Director

He is a retired Chief General Manager from NABARD. His expertise lies in institutional development, organisational development, organisational behaviour, small business development, training need assessment, training techniques etc. He has more than 35 years of rich experience in the banking industry.

Bhama Krishnamurthy – Independent Director

She was Country Head and Chief General Manager of SIDBI. She has closely dealt with multilateral and bilateral agencies in close co-ordination with the Government of India. Her areas of specialisation include, inter-alia, handling of the Human Resources Development Division covering recruitment, training and promotion aspects. She was also associated with drafting of CSR Policy guidelines for SIDBI.

R Anand – Independent Director

He is a Chartered Accountant with over 30 years of industry experience. He worked in Sundaram Finance for over 20 years occupying several positions in Finance and Audit. He also worked as a Partner in Ernst & Young LLP covering Tax and Regulatory aspects of various industries like financial services, real estate, auto and auto components, media and entertainment. His specializations include NBFC regulations, corporate tax and foreign investment and exchange control regulation and corporate restructuring.

B Haribabu – Independent Director

He hails from a business family and continues the family business of brick manufacturing. He is also the Founder Trustee of Sri Venkateswara College of Technology, Vadakal Village, Mathur Post, Tamil Nadu. He has been associated with the Company for the last 20 years.

L R Raviprasad – Non-Executive Director

He hails from a business family and continues the family business of brick manufacturing. He has been associated with the Company for the last 15 years.

Vasan Thirulokchand – Non-Executive Director

He is a Hotel Management graduate with over 17 years of experience in the hospitality business. His areas of expertise include team management, customer satisfaction and process optimisation.

Vikram Vaidyanathan – Investor Director, Matrix Partners

He is a Managing Director at Matrix Partners. He is an MBA graduate from IIM Bangalore, and interned at Procter & Gamble, Singapore. He joined McKinsey & Co. after his MBA and worked across a variety of sectors including mobile media, TV, retail, engineering, construction and manufacturing.

Arjun Saigal – Alternate Director to Mr Ling Wei Ong

He is an Executive Director at Morgan Stanley. He joined Morgan Stanley in 2012 and focuses on the group's private equity transactions in India. Prior to joining Morgan Stanley, Arjun was with Baring Private Equity Partners India. He is a graduate of the London School of Economics and received his MBA from Columbia Business School.

G V Ravishankar – Investor Director, Sequoia Capital

He is a Managing Director at Sequoia Capital India. Prior to joining Sequoia, GV has worked at McKinsey in the capacity of an advisor to management teams of top Indian companies. He had also worked at Wipro prior to McKinsey, where he helped several venture-backed networking start-up clients on a wide variety of issues. GV has a Masters in Business Administration from the Indian Institute of Management, Ahmedabad where he was awarded the President's Gold Medal. He also holds a BE in Computer Science and Engineering from REC Trichy.

Sanjeev Mehra – Investor Director, TPG Group

Sanjeev Mehra is a Director at TPG Capital Asia where he covers the Financial Services and Consumer sectors. He is based in Mumbai and has over 10 years of investing experience. Sanjeev has an MBA from London Business School and an undergraduate degree in Economics from Delhi University.

Niren Shah – Board Observer, Norwest Venture Partners

He is a professional with over 20 years of entrepreneurial, finance, operational and investment banking experience with leading consumer oriented companies and global financial institutions. He has advised Norwest's investments in Cholamandalam Finance, Shriram City and many other banks and other institutions. He had served as the Senior Director of Strategy and Ventures at eBay Inc., KPMG, Bombay Stock Exchange prior to moving with Norwest. Niren is a rank holder Chartered Accountant and a gold medallist Masters in Commerce from University of Mumbai.

DIRECTORS' REPORT

Directors' Report

Your directors have pleasure in presenting the 36th Annual Report together with the audited financial statements of the company for the financial year ended March 31, 2020. The summarised financial results of the Company are presented hereunder:

1. Financial Results - Financial Highlights

₹ in Lakhs

Particulars	31.03.2020	31.03.2019
Operating income	78,671.48	40,890.80
Other Income	63.25	1.86
Less: Expenditure including depreciation	43,804.68	19,048.32
Profit before taxation	34,930.05	21,844.34
Provision for taxation	8,735.01	6,178.61
Profit after taxation	26,195.04	15,665.73
Other comprehensive income	(111.35)	(38.06)
Total comprehensive income	26,083.69	15,627.67

Your Company has followed Indian Accounting Standards (IND AS) notified under Section 133 of Companies Act, 2013, read with Companies (Indian Accounting Standards) Rules 2015.

2. State of Company's Affairs and Future Outlook

As you are aware, your company continued its financing business by focusing on Small Business Loans and Small Housing Loans which have helped to maintain and improve the financial health and growth of your company.

During the financial year, your company disbursed Rs 2,408.67 crores towards providing Small Business Loans and Small Housing Loans as against Rs 1,481.46 crores during the FY ended 2018-19.

Loan Assets

As at March 31, 2020, the total loan assets under management increased to Rs 3,892.23 crores from Rs 2,112.80 Crores during the previous financial year registering a growth of 84%.

Branch Network

During the year, your Company added 79 branches resulting in the branch network increasing to 252 from 173.

Income, Profit & Networth

Gross Income of the Company during the year ended March 31, 2020 amounted to Rs 787.35 crores, higher by 92.54% over Rs 408.93 crores in the previous year. Profit before tax was at Rs 349.30 crores higher by 59.90% over the previous year's Rs 218.44 crores. At Rs 261.95 crores, Profit After Tax was higher by 60% over previous year's Rs 156.66 crores. The Company's net worth stood at Rs 1944.58 crores as on March 31, 2020 (Rs 1365.13 crores in the previous year).

Asset Quality

Your Company closed the year with a Gross Stage 3 Assets (90+ Assets) of 1.4%, which is one of the best amongst companies operating in this customer segment. The asset quality during this financial year has been impacted by the lockdown imposed during the last week of March 2020 due to the onset of COVID-19 pandemic. But for the pandemic, your Company was confident of ending the financial year with a much better asset quality than what has been reported. The Company's business model, coupled with the extremely rigorous underwriting norms, have contributed to this robust asset quality.

Prospects

The credit business has large potential in India, particularly funding demand from self-employed persons who are the primary customers of your company. Bulk of your company's customers belong to this group. Your directors are confident with the knowledge/experience gained so far in this segment will augur well towards building a robust portfolio.

Your Company has already expanded its operations to multiple states and would continue to strive to reach out its operations to more and more under- served customers and help them access credit on reasonable terms by opening more number of branches in the semi urban and rural areas.

COVID-19 pandemic, that hit the entire country towards the later part of March 2020, is an unprecedented event and may have far-reaching ramifications on the economy as a whole and also on the prospects of your company. Your Directors will continue to track the events closely and will take appropriate actions as warranted by the situation.

Statutory and Regulatory Compliances

Your Company continues to comply with all applicable regulations, directions and prudential norms of the Reserve Bank of India. Your Company has complied with the applicable regulations under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Foreign Exchange Management Act, 1999 and the Regulations thereunder.

Your Company has also complied with the provisions of the Secretarial Standard 1 (SS-1) and Secretarial Standard 2 (SS-2) issued by the Institute of Company Secretaries of India relating to 'Meetings of Board of Directors' and 'General Meetings' respectively.

Capital Adequacy Ratio of your Company stood at 52.94% as on March 31, 2020, as against the minimum requirement of 15% stipulated by Reserve Bank of India.

Credit Rating

As of March 31, 2020, your company's borrowings enjoy the following ratings from CRISIL, CARE and ICRA.

Rating Agency	Type	Rating
CARE	Long term Bank Facilities	CARE A; Positive
	Short term Bank facilities	CARE A1; Positive
	Non-Convertible Debentures	CARE A; Positive
	Commercial Paper	CARE A1
ICRA	Long term Bank Facilities	ICRA A; Stable
	Non-Convertible Debentures	ICRA A; Stable
	Securitization	ICRA AA+(SO)/AA-(SO)/AA(SO)
CRISIL	Non-Convertible Debentures	CRISIL BBB+; Stable

3. Change in Nature of Business

There is no change in the nature of business of your Company during the year under review.

4. Dividend

Your Directors have decided not to declare any dividend for the financial year 2019-20 and the profit for the year will be deployed back into the business.

5. Transfer to Reserves

Your company has transferred a sum of Rs 5,239.01 lakhs to statutory reserve as required under the Reserve Bank of India Act, 1934. There has been no transfer to general reserves during the year.

6. Changes in Share Capital and Debentures

During the financial year 2019-20, your Company has:

a) issued and allotted 3,00,08,700 Secured, Listed, Rated, Redeemable, Taxable, Non-Convertible Debentures on private placement basis on various dates, which were listed in BSE Limited.

b) allotted 1,78,450 fully paid up Equity Shares of Rs.10/- each on various dates, pursuant to the Five-Star Associate Stock Option Scheme, 2015.

c) made a preferential issue of 13,32,262 fully paid up Equity shares of Rs 10/- each which were allotted on 22nd July 2019 on private placement basis.

d) made a preferential issue of 7,50,000 Partly Paid Equity shares of Rs 10/- each which were allotted on 25th February 2020 on private placement basis.

e) issued and allotted 9,67,597 Partly Paid Equity shares of Rs 10/- each on 21st March 2020 pursuant to a rights issue.

Subsequent to the abovementioned allotments, your Company's capital funds stood at Rs 194,458.05 lakhs (including premium) at the end of March 2020.

7. Disclosure regarding issue of Employee Stock Options

Your Company has formulated two Employees Stock Option Schemes, namely Five-Star Associate Stock Option Scheme 2015 (ASOP 2015) and Five-Star Associate Stock Option Scheme 2018 (ASOP 2018). The details of these schemes and other related particulars are given in **Annexure A** to this report.

8. Annual Return

The extract of annual return pursuant to Section 92 (3) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014 in Form MGT 9 is enclosed to this report as **Annexure B** and is available at the web address: www.fivestargroup.in/reports/

9. Board & its Committees

During the financial year ended 31st March, 2020, 7 (Seven) Board Meetings were held on 25th April, 2019, 14th May, 2019, 18th June, 2019, 2nd August, 2019, 29th August, 2019, 6th November, 2019 and 27th February, 2020 respectively and not more than 120 days elapsed between any two meetings.

The details regarding the Committee meetings held during the financial year, board composition, composition and terms of reference of various committees of the board are furnished in the Corporate Governance Report enclosed as **Annexure H**.

10. Particulars of Loans, Guarantees or Investments under Section 186 of Companies Act, 2013

During the year under review, the Company has not granted any loans or guarantees or made any investments falling under Section 186 of the Companies Act, 2013.

11. Related Party Transactions

The Company has in place a policy on related party transactions as approved by the Board and the same is enclosed as **Annexure D** to this report.

During the financial year, the Company has entered into contracts /arrangement with Related Parties which were in the ordinary course of business and on arm's length basis. Form AOC-2, as required under Section 134 (3) (h) of the Companies Act, 2013 read with Rule 8 (2) of the Companies (Accounts) Rules 2014, is attached as part of this report as **Annexure C**.

12. Material Changes Affecting the Financial Position of the Company

There are no material changes and commitments between 31st March 2020 and the date of this report having an adverse bearing on the financial position of the Company.

13. Information as per Section 134 (3) (m) of the Companies Act, 2013

Your Company has no activity relating to consumption of energy or technology absorption. The Company does not have foreign currency earnings and expenditure during the year.

14. Risk Management Policy

Successful mortgage lending calls for timely identification, careful assessment and effective management of the credit, operational, market (interest-rate and liquidity) and reputation risks. The Company has adopted efficient risk- management policies, systems and processes that seek to strike an appropriate balance between risk and returns.

The Company has also introduced appropriate risk-management measures, such as accessing the applicant's credit history with credit information bureaus, field investigation of the applicant's credentials, multiple verification layers, adoption of prudent loan to value ratio and analysis and adoption of a conservative debt-service capacity of the borrowers, thorough in-house scrutiny of legal documents, which help understand and assess the borrowers' intention and ability to repay.

Your company has constituted a Risk Management Committee which inter-alia lays down the review of procedures relating to risk assessment & risk minimization to ensure that executive management controls risk through means of a properly defined framework and review of Credit & Portfolio Risk Management and Operational & Process Risk Management.

Your company has also constituted an Asset Liability Committee (ALCO) which ensures that the liquidity and interest-rate risks are contained within the limits laid down by the Company. Being dynamic, the risk management framework continues to evolve in line with the emerging risk perceptions.

ALCO reviews the lending policy, interest rate policy and guides the team towards prudent lending practices. The Company has given high importance to prudent lending practices and has put in place suitable measures for risk mitigation.

15. Human Resource Development

The customer acquisition, credit delivery, collection process and manpower strength of Non-Banking Financial Companies operating in similar customer profile were studied to align our staff strength after duly factoring for the differences in the business models of other entities. Accordingly, the staff strength at the regions and branches were streamlined, keeping in mind our acquisition process and market segment, adding people across functional verticals where required.

This is expected to help your company focus on right level of productivity and growth. Apart from imparting advanced training to all front line sales and marketing, credit and other staff which included the KYC and FPC training, employees were given on -the-job and off-the-job training programs.

Your company has also benchmarked its compensation levels with the market, thus being in a position to attract and retain necessary talent, which is essential for growing the business in the years to come.

16. Directors

a) During the financial year under review,

- Mr Ling Wei Ong, nominated by NHPEA Chocolate Holdings B.V. and Mr G V Ravishankar nominated by SCI Investments V, Non-Executive Directors retired by rotation at the 35th Annual General Meeting held on 25th September 2019 and were re-appointed.
- Mr Arjun Saigal, who ceased to be an alternate director to Mr Ling Wei Ong who retired by rotation, on 25th September 2019 was appointed as an Alternate Director to Mr Ling Wei Ong with effect from 25th September 2019
- Mr B Haribabu, Independent Director whose first term ended on 27th March, 2020 was re-appointed for a second term of five years effective 28th March 2020, subject to the shareholders' approval at the ensuing annual general meeting.

b) Mr L R Raviprasad and Mr Vikram Vaidyanathan are retiring by rotation at the ensuing 36th Annual General Meeting and being eligible have offered themselves for re-appointment.

c) Mr Gaurav Trehan, Nominee Director of TPG Asia VII SF Pte. Ltd., resigned from the Board with effect from 22nd May 2020 and in his place Mr Sanjeev Mehra was appointed with effect from 10th June 2020. Mr Sanjeev Mehra's appointment needs to be regularized at the ensuing annual general meeting.

17. Key Managerial Personnel

Pursuant to the provisions of Section 203 of the Companies Act, 2013 read with the rules made there under, the following employees are the whole- time key managerial personnel of the company:

a. Mr D Lakshmipathy, Chairman and Managing Director
b. Mr K Rangarajan, Chief Executive Officer
c. Mr G Srikanth, Chief Financial Officer
d. Ms Shalini Baskaran, Company Secretary

No changes took place in the Key Managerial Personnel of the Company.

18. Details of Significant & Material Orders passed by Regulators or Courts or Tribunals

During the financial year, there are no significant or material orders passed by the regulators or Courts or Tribunals impacting the going concern status and your company's operations in future.

19. Internal Financial Controls

The Company has a well-established and adequate internal financial control and risk management framework, with appropriate policies and procedures, to ensure the highest standards of integrity and transparency in its operations and a strong corporate governance structure, while maintaining excellence in services to all its stakeholders. Appropriate controls are in place to ensure: (a) the orderly and efficient conduct of business, including adherence to policies, (b) safe guarding of assets, (c) prevention and detection of frauds/errors, (d) accuracy and completeness of the accounting records and (e) timely preparation of reliable financial information.

This is further strengthened by the Internal Audit done on regular basis by in house Internal Audit team and the External Internal Auditors of the Company.

Besides, the Company has an Audit Committee, which regularly reviews and monitors systems, internal controls, risk management measures, accounting procedures, financial management and operations of the Company and also the findings and recommendations presented by the Internal Audit team and External Internal Auditors as part of their periodic reports.

Internal control framework including clear delegation of authority and standard operating procedures are established and laid out across all businesses and functions. These are reviewed periodically at all levels. The company has a co-sourced model of internal audit. The risk and control matrices are reviewed on a quarterly basis and control measures are tested and documented. These measures have helped in ensuring the adequacy of internal financial controls commensurate with the scale of operations of the company.

20. Deposits

Your Company did not accept any public deposits during the financial year and did not have any public deposits outstanding at the end of the financial year.

24. Declaration from Independent Directors

The Company has received declarations from all the Independent Directors to the effect that they meet the criteria of independence as provided in sub – section (6) of Section 149 of the Companies Act, 2013.

In the opinion of your Board of Directors, Mr Haribabu B, Independent Director who was re-appointed during the financial year ended 31st March 2020 for a second term of five years, satisfy the attributes as to integrity, experience (including proficiency) and high levels of skill and expertise.

22. Auditors

Statutory Auditors

Pursuant to the provisions of Section 139 of the Companies Act, 2013, M/s B S R & Co. LLP, Chartered Accountants were appointed as the statutory auditors of the Company at the 35th Annual General Meeting (AGM) of the shareholders held on 25th September 2019, to hold office for a period of five financial years up to the conclusion of the 40th AGM.

The Report of the Statutory Auditors to the members is annexed to and forms part of the financial statements and the same does not contain any qualification, reservation or adverse remark on the financial statements prepared as per Section 133 of Companies Act, 2013 and notes on accounts annexed thereto. There were no frauds detected or reported by the Auditors under sub-section (12) of section 143 of the Companies Act, 2013 during the year.

Internal Auditor

To carry out internal audit of its operations, your Company has engaged M/s Sundaram & Srinivasan, Chartered Accountants, as its External Internal Auditors. Their audit is complemented by an In-house audit team. Between then, the scope of internal audit covers the Registered office, Corporate Office and branches of the Company. As part of its efforts to evaluate the effectiveness of the internal control systems, your Company's audit teams evaluate the adequacy of control measures on a periodic basis and recommends improvements, wherever appropriate.

The Audit Committee reviews the internal audit functions, scope of internal audit, as well as the adequacy and effectiveness of the internal systems and controls.

Secretarial Auditor

M/s S Sandeep & Associates, Practicing Company Secretaries were appointed to conduct the secretarial audit of the Company for the financial year 2019-20, as required under Section 204 of the Companies Act, 2013 and rules made thereunder.

The secretarial audit report for the financial year ended 31st March 2020 forms part of this report as **Annexure E**.

23. Maintenance of cost records and cost audit

Maintenance of cost records and requirements of cost audit as prescribed under the provisions of section 148(1) of the Act is not applicable for the business activities carried out by the company.

24. Information Technology

The IT Strategy Committee of the Company has laid down a comprehensive policy relating to Cyber Security, Business Continuity, Outsourcing and Information Security / Technology, in line with its terms of reference. In its continuous efforts to ensure a secure environment, your Company has built a robust infrastructure and carries out periodic comprehensive vulnerability assessments and penetration testing, to identify and minimize external threats. An independent Information Systems audit has been carried out by Ernst & Young LLP during the financial year.

25. Corporate Social Responsibility (CSR)

Pursuant to Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, your Company has adopted a Policy on CSR and is available at the web address www.fivestargroup.in/our-policies/. A report on CSR activities is attached as **Annexure F** to this Report.

26. Formal Annual Evaluation

As per the provisions of the Companies Act, 2013, the Board has carried out an annual performance evaluation of its own performance, the directors individually as well as the evaluation of the working of its Committees. A structured exercise was carried out based on the criteria for evaluation forming part of the Directors Appointment, Remuneration & Evaluation Policy, including framework for performance evaluation of Directors, Board & Committees, Criteria for Evaluation and the inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its committee, attendance at meetings, Board culture, duties of directors, and governance. The aforesaid policy is attached as **Annexure G** to this report and the same is available at the web address www.fivestargroup.in/our-policies/

A separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board, who were evaluated on parameters such as level of engagement and contribution, independence of judgement, safeguarding the interest of the Company and its stakeholders etc. The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the Chairman and the Non Independent Directors was carried out by the Independent Directors. The Directors have expressed their satisfaction with the evaluation process.

27. Whistle Blower Policy & Vigil Mechanism

Your Company has established a Vigil Mechanism & has adopted a Whistle Blower Policy for directors and employees to report their genuine concerns to the Chairman of the Audit Committee. The Whistle Blower Policy has been formulated with a view to provide a mechanism for employees and directors to approach the Audit Committee of the Company.

28. Corporate Governance

Your Company has adopted Internal Guidelines on Corporate Governance. A report on Corporate Governance is enclosed and forms part of this report as **Annexure H.**

29. Management Discussion and Analysis

A report on Management Discussion and Analysis is enclosed and is forming part of this report as **Annexure I.**

30. Disclosures under Sexual Harassment of Women at Work place (Prevention, Prohibition & Redressal) Act, 2013

The Company has in place an Anti-Sexual Harassment Policy named "Policy against Sexual Harassment" in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. Internal Complaints Committees (ICC) have been set up to redress complaints received regarding sexual harassment.

Your Directors further state that during the year under review, no complaints were received. None was pending unresolved as on 31st March 2020.

31. Particulars of Employees and Related Disclosures

In terms of the provisions of Section 197(12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, necessary disclosures are provided in the Annual Report as **Annexure J**.

32. Amalgamation of Five-Star Housing Finance Private Limited

Five-Star Housing Finance Private Limited, Wholly Owned Subsidiary Company was amalgamated with the Company with effect from 1st April 2019, as per the confirmation order of the Scheme of Amalgamation dated 17th March, 2020 received from the Regional Director - Southern Region, Ministry of Corporate Affairs.

33. Impact of COVID 19 Pandemic

The COVID-19 Pandemic is an unprecedented event that has impacted the lives of people across the world. It has also severely impacted various activities across the country. Needless to say, your Company has also been impacted by this event. The last 10 days of March 2020 was lost to the lockdown imposed by the Government to control the spread of the pandemic, which had an impact on both business and collections during the lockdown period.

RBI also allowed financial institutions to give moratorium to their borrowers for a period of 5 months and your Company has, in turn, passed on the benefit of moratorium to all the Standard borrowers (Stage 1 and Stage 2 assets). However, we would like to inform you that a significant portion of borrowers of your company have been making payments even during the moratorium period. This has resulted in the collections of your company being robust.

Additionally, your company has also managed a good quantum of debt funds during this period, which is a clear testimony of the confidence that lenders have in your company. As on the date of this report, your company is in a good position to emerge stronger from the pandemic. Your Company believes that it has considered all the possible impact of the known events arising out of COVID-19 pandemic in the preparation of financial results. However, the impact assessment of COVID-19 is a continuing process given its nature and duration. Your Company will continue to monitor any material changes to the future economic conditions and take necessary actions as appropriate.

34. Directors' Responsibility Statement

Pursuant to Section 134(5) of the Companies Act, 2013, the Board of Directors, confirm that:

a) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

b) the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for that period;

c) the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

d) the directors have prepared the annual accounts on a going concern basis;

e) the directors have laid down internal financial controls, which are adequate and operating effectively and

f) the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Acknowledgement

Your Directors wish to thank the customers, bankers, shareholders, service agencies and other stakeholders for their support. The directors also thank the employees for their contribution during the financial year under review.

For and on behalf of the Board of Directors
D Lakshmipathy
Chairman & Managing Director
DIN: 01723269

Chennai
10 June 2020

Annexure - A

FIVE-STAR ASSOCIATE STOCK OPTION SCHEME, 2015

The decision to introduce FIVE STAR Associate Stock Option Scheme, 2015 (hereinafter called "FIVE STAR ASOP, 2015" or "The Scheme") was taken by the Board of Directors at the meeting held on 18th September 2015, and was approved by the shareholders of the Company at the Extra Ordinary General Meeting held on 12th April 2016.

Pursuant to Rule 12(9) of Companies (Share Capital and Debentures) Rules, 2014, the details of the Five Star Associate Stock Option Scheme, 2015 as on 31st March 2020 are:

a) Options approved to be issued as ESOPs: 5,63,000
b) Options granted: 5,63,000
c) Options vested: 4,53,600
d) Options exercised: 4,10,850
e) The total number of shares arising as a result of exercise of option: 4,10,850
f) Options lapsed / Surrendered: 1,000
g) Variation of terms of options: Nil
h) Total number of options in force: 5,62,000
i) Money realized by exercise of options: Rs 67.83 Lakhs
j) Employee wise details of options granted to:
  (i) Key managerial personnel: Mr K Rangarajan - Chief Executive Officer and Mr G Srikanth –Chief Financial Officer
  (ii) Any other employee who receives a grant of options in any one year of option amounting to 5 per cent or more of options granted during that year: Nil
  (iii) Identified employees who were granted option, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant: Nil

FIVE STAR ASSOCIATE STOCK OPTION SCHEME, 2018

The decision to introduce FIVE STAR Associate Stock Option Scheme, 2018 (hereinafter called "FIVE STAR ASOP, 2018" or "The Scheme") was taken by the Board of Directors at the meeting held on 28th February 2018, and was approved by the shareholders of the Company at the Extra Ordinary General Meeting held on 26th March 2018.

Pursuant to Rule 12(9) of Companies (Share Capital and Debentures) Rules, 2014, the details of the Five Star Associate Stock Option Scheme, 2015 as on 31st March 2020 are:

a) Options approved to be issued as ESOPs: 5,00,000
b) Options granted: 9000
c) Options vested: Nil
d) Options exercised: Nil
e) The total number of shares arising as a result of exercise of option: Nil
f) Options lapsed / Surrendered: Nil
g) Variation of terms of options: Nil
h) Total number of options in force: 9,000
i) Money realized by exercise of options: Nil
j) Employee wise details of options granted to:
  (i) Key managerial personnel: Nil
  (ii) Any other employee who receives a grant of options in any one year of option amounting to 5 per cent or more of options granted during that year: Nil
  (iii) Identified employees who were granted option, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant: Nil

For and on behalf of the Board of Directors
D Lakshmipathy
Chairman & Managing Director
DIN: 01723269

Chennai
10 June 2020

Annexure - B

Form No. MGT-9

Extract of Annual Return as on the financial year ended on 31 March,2020

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

(a) CIN :	U65991TN1984PLC010844
(b) Registration Date :	07/05/1984
(c) Name of the Company:	FIVE-STAR BUSINESS FINANCE LIMITED
(d) Category / Sub-Category of the Company:	Company Limited by Shares
(e) Address of the Registered Office and contact details:	New No: 27, Old No: 4, Taylor's Road, Kilpauk, Chennai - 600 010 Phone: 044 - 46106200
(f) Whether Listed Company	Debt Listed
(g) Name, Address and Contact details of Registrar and Transfer Agent, if any:	NSDL Database Management Limited 4th Floor, Trade World, 'A' Wing, Kamala Mills Compound, Lower Parel, Mumbai - 400 013

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
Small Business Loans, Home Loans & Mortagage Loans	Section K Financial and insurance activities Division 64 Financial service activities, except insurance and pension funding	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Name and Address of the Company	CIN/ GLN	Holding/ Subsidiary/ Associate	% of Shares Held	Application Section

NIL

IV SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding:

Category of Shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% Change during the Year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(A) Promoters									
(1) Indian									
(a) Individual/HUF	45,78,581	20,000	45,98,581	19.24%	60,27,801	-	60,27,801	22.22%	2.98%
(b) Central Govt	-	-	-	-	-	-	-	-	-
(c) State Govt (s)	-	-	-	-	-	-	-	-	-
(d) Bodies Corporate	-	-	-	-	-	-	-	-	-
(e) Banks / FI	-	-	-	-	-	-	-	-	-
(f) Any Other	-	-	-	-	-	-	-	-	-
Sub-Total (A) (1)	**45,78,581**	**20,000**	**45,98,581**	**19.24%**	**60,27,801**	**-**	**60,27,801**	**22.22%**	**2.98%**
(2) Foreign									
(a) NRI - Individuals	-	-	-	-	-	-	-	-	-
(b) Other – Individuals	-	-	-	-	-	-	-	-	-
(d) Bodies Corporate	-	-	-	-	-	-	-	-	-
(e) Banks / FI	-	-	-	-	-	-	-	-	-
(f) Any Other	-	-	-	-	-	-	-	-	-
Sub-Total (A) (2)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total (A)	**45,78,581**	**20,000**	**45,98,581**	**19.24%**	**60,27,801**	**-**	**60,27,801**	**22.22%**	**2.98%**
(B) Public Shareholding									
(1) Institutions									
(a) Mutual Funds	-	-	-	-	-	-	-	-	-
(b) Banks/FI	-	-	-	-	-	-	-	-	-
(c) Central Govt	-	-	-	-	-	-	-	-	-
(d) State Govt (s)	-	-	-	-	-	-	-	-	-
(e) Venture Capital funds	-	-	-	-	-	-	-	-	-
(f) Insurance Companies	-	-	-	-	-	-	-	-	-
(g) FIIs	-	-	-	-	-	-	-	-	-
(h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
(i) Others (Specify)	-	-	-	-	-	-	-	-	-
Sub-Total (B) (1)	-	-	-	-	-	-	-	-	-

Category of Shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% Change during the Year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(2) Non-Institutions									
(a) Bodies Corporate									
i. Indian	425510	1,100	4,26,610	1.79%	5,67,331	-	5,67,331	2.09%	0.31%
ii.Overseas	1,13,37,537	62,19,454	1,75,56,991	73.46%	1,90,17,920	-	1,90,17,920	70.10%	-3.36%
(b) Individuals									
i. Individual shareholders holding nominal share capital up to Rs. 1 lakh	30,310	3,92,980	4,23,290	1.77%	1,49,845	2,44,340	3,94,185	1.45%	-0.32%
ii. Individual shareholders holding nominal share capital in excess of Rs 1 lakh	2,75,120	5,74,840	8,49,960	3.56%	8,97,494	1,77,010	10,74,504	3.96%	0.40%
Investor Education and Protection Fund. No voting rights in respect of these shares	44,150		44,150	0.18%	46,150	-	46,150	0.17%	-0.01%
(c) Others (Specify)	-	-	-	-	-	-	-	-	-
Sub-Total (B) (2)	**1,21,12,627**	**71,88,374**	**1,93,01,001**	**80.76%**	**2,06,78,740**	**4,21,350**	**2,11,00,090**	**77.78%**	**-2.98%**
Total Public Shareholding	**1,21,12,627**	**71,88,374**	**1,93,01,001**	**80.76%**	**2,06,78,740**	**4,21,350**	**2,11,00,090**	**77.78%**	**-2.98%**
(C) Shares held by Custodian for GDRs & ADRs	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Grand Total (A+B+C)	**1,66,91,208**	**72,08,374**	**2,38,99,582**	**100%**	**2,67,06,541**	**4,21,350**	**2,71,27,891**	**100%**	**0.00%**

(ii) Shareholding of Promoters:

S. No.	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% of Change in share holding during the Year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered of total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered of total shares	
1.	D Lakshmipathy	22,87,551	9.57	-	37,10,771	13.68	1.81	4.11
2.	L Hema	20,83,060	8.72	-	20,89,060	7.70	-	-1.02
3.	R Deenathayalan	1,63,200	0.68	-	1,63,200	0.60	-	-0.08
4.	D Varalakshmi	44,770	0.19	-	44,770	0.17	-	-0.02
5.	L Sritha	20,000	0.08	-	20,000	0.07	-	-0.01
		45,98,581	**19.24**	**-**	**60,27,801**	**22.22**	**-**	**2.98**

(iii) Change in Promoters' Shareholding (please specify, if there is no change):

S. No.	Particulars	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of Shares	% of total Shares	No. of Shares	% of total Shares
1.	D Lakshmipathy				
	i) At the beginning of the year	22,87,551	8.43	-	-
	ii) Date wise increase/decrease				
	08-04-2019 - Purchase	2,800	0.01	22,90,351	8.44
	09-04-2019 - Purchase	2,000	0.01	22,92,351	8.45
	15-04-2019 - Purchase	100	0.00	22,92,451	8.45
	22-05-2019 - Purchase	2,000	0.01	22,94,451	8.46
	22-05-2019 - Purchase	300	0.00	22,94,751	8.46
	31-05-2019 - Purchase	100	0.00	22,94,851	8.46
	31-05-2019 - Purchase	100	0.00	22,94,951	8.46
	14-06-2019 - Purchase	500	0.00	22,95,451	8.46
	07-08-2019 - Purchase	5,000	0.02	23,00,451	8.46
	07-08-2019 - Purchase	5,000	0.02	23,05,451	8.48
	16-08-2019 - Sale	(1,20,000)	(0.44)	21,85,451	8.50
	29-11-2019 - Purchase	120	0.00	21,85,571	8.06
	27-12-2019 - Purchase	100	0.00	21,85,671	8.06
	25-02-2020 - Allotment	7,25,000	2.67	29,10,671	10.73
	16-03-2020 - Purchase	100	0.00	29,10,771	10.73
	21-03-2020 - Allotment	8,00,000	2.95	37,10,771	13.68
	iii) At the end of the year			37,10,771	13.68
2.	L Hema				
	i) At the beginning of the year	20,83,060	7.68	-	-
	ii) Date wise increase/decrease				
	16-08-2020– Purchase	6,000	0.02	20,89,060	7.70
	iii) At the end of the year			20,89,060	7.70

(iv) Shareholding Pattern of top ten Shareholders

(other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1	TPG Asia VII SF Pte. Ltd.	31,11,933	13.02%	61,10,673	22.53%
2	Matrix Partners India Investment Holding II, LLC	41,00,999	17.16%	41,00,999	15.12%
3	NHPEA Chocolate Holding B.V.	51,35,862	21.49%	35,98,051	13.26%
4	Norwest Venture Partners X-Mauritius	25,69,650	10.75%	25,69,650	9.47%
5	SCI Investments V	25,69,650	10.75%	25,69,650	9.47%
6	ATMA Ram Builders (P) Ltd.	4,25,510	1.78%	5,45,510	2.01%
7	Rangarajan K	1,29,200	0.54%	2,33,793	0.86%
8	Jayachandran.R	1,83,780	0.77%	2,12,368	0.78%
9	Srikanth G	35,800	0.15%	86,346	0.32%
10	Janarthanan L	72,460	0.30%	72,460	0.27%
11	Matrix Partners India Investments II Extension, LLC	68,897	0.29%	68,897	0.25%
12	Bharathi J	45,000	0.19%	45,000	0.17%

(v) Shareholding of Directors and Key Managerial Personnel

Shareholding of each Directors & each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
D Lakshmipathy*	22,87,551	9.57%	37,10,771	13.68%
K Rangarajan*	1,29,200	0.54%	2,33,793	0.86%
G Srikanth*	35,800	0.15%	86,346	0.32%
L R Ravi Prasad	85,200	0.36%	85,200	0.31%
B Haribabu	50,000	0.21%	48,100	0.18%
B Shalini	-	0.00%	200	0.00%

* Includes partly paid shares

V. INDEBTEDNESS:

Indebtedness of the Company including interest outstanding / accrued but not due for payment

₹ in Lakhs

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	95,899.77	69.29	-	95,969.06
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	510.09	1.39	-	511.48
Total (i+ii+iii)	**96,409.86**	**70.68**	**-**	**96,480.54**
Change in Indebtedness during the financial year				
Addition	-	-	-	-
Reduction	-	-	-	-
Net Change	**-**	**-**	**-**	**-**
Indebtedness at the end of the financial year				
i) Principal Amount	2,37,185.18	-	-	2,37,185.18
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	1,349.79	-	-	1,349.79
Total (i+ii+iii)	**2,38,534.97**	**-**	**-**	**2,38,534.97**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

₹ in Lakhs

S. No.	Particulars of Remuneration	Name of MD/WTD/Manager D Lakshmipathy, CMD	Total Amount
1.	Gross Salary		
	(a). Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	326.31	326.31
	(b). Value of perquisites u/s 17(2) Income-tax Act, 1961	2.20	2.20
	(c). Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-
2.	Stock Option	-	-
3.	Sweat Equity	-	-
4.	Commission		
	- as % of profit	-	-
	- Others, Specify	175.00	175.00
5.	Others, please specify	-	-
	Total (A)	**503.51**	**503.51**
	Ceiling as per the Act	-	1900.34

B. Remuneration to other Directors

₹ in Lakhs

S. No.	Particulars of Remuneration	Name of Directors				Total Amount
1.	**Independent Directors**	**A Ramanathan**	**R Anand**	**B Haribabu**	**Bhama Krishnamurthy**	
	Fee for attending board & committee meetings	2.40	2.50	2.05	2.25	9.20
	Commission	3.00	3.00	3.00	3.00	12.00
	Others, please specify	-	-	-	-	
	Total (1)	**5.40**	**5.50**	**5.05**	**5.25**	**21.20**
2.	**Other Non-Executive Directors**	**LR Raviparasd**		**Vasan Thirulokchand**		
	Fee for attending board & committee meetings	1.80		1.50		3.30
	Commission	3.00		3.00		6.00
	Others, please specify	-		-		-
	Total (2)	**4.80**		**4.50**		**9.30**
	Total (B)=(1+2)					**30.50**
	Total Managerial Remuneration					**30.50**
	Overall Ceiling as per the Act					

C. Remuneration to key managerial personnel other than MD/MANAGER/WTD:

₹ in Lakhs

S. No.	Particulars of Remuneration	K Rangarajan Chief Executive Officer	G Srikanth, Chief Financial Officer	B Shalini Company Secretary	Total Amount
1.	Gross Salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	118.26	82.55	7.75	208.56
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
2.	Stock Option	10.90	3.41	-	14.31
3.	Sweat Equity	-	-	-	-
4.	Commission				
	- as % of profit	-	-	-	-
	- Others, specify	58.59	18.73	-	77.32
5.	Performance linked incentive	-	-	-	-
	Total	**187.75**	**104.69**	**7.75**	**300.19**

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority [RD/NCLT/COURT]	Appeal made, if any (give details)
A. COMPANY					
Penalty					
Punishment			NIL		
Compunding					
B. DIRECTORS					
Penalty					
Punishment			NIL		
Compunding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment			NIL		
Compunding					

For and on behalf of the Board of Directors
D Lakshmipathy
Chairman & Managing Director
DIN: 01723269

Chennai
10 June 2020

Annexure - C

FORM NO. AOC-2

(Pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8 (2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis: Nil

2. Details of material contracts or arrangement or transactions at arm's length basis

a) Name of the related party and nature of relationship: Five-Star Housing Finance Private Limited, subsidiary company.

b) Nature of contracts/ arrangements/ transactions: Sharing of premises, resources, etc

c) Duration of the contracts/ arrangements/ transactions: till 17th March 2020

d) Salient terms of the contracts or arrangements or transactions including the value, if any: Sharing of premises, infrastructure, personnel and other resources.

e) Justification for entering into such contracts/ arrangements/ transactions: The transactions are in the ordinary course of business and on arms length basis as per the related party transaction policy, approved on 14th May, 2019.

f) Date of approval by the Board: RPT policy has been reviewed and approved on 14th May 2019, with subsequent approvals by the Board for the related party transactions once every quarter

g) Amount paid as advance, if any: NA

h) Date on which the special resolutions was passed in general meeting as required under the first proviso to section 188: Not applicable

For and on behalf of the Board of Directors
D Lakshmipathy
Chairman & Managing Director
DIN: 01723269

Chennai
10 June 2020

Annexure - D

POLICY ON RELATED PARTY TRANSACTIONS

1. Preamble

Five-Star Business Finance Limited ("the Company") is a public limited debt listed company and is registered as a Non-Banking Finance Company with the Reserve Bank of India. The Company recognizes that a policy is required to be put in place to regulate Related Party Transactions (as defined below).

This Policy is framed as per requirement of the Companies Act, 2013 ("the Act") and is intended to ensure the proper approval / review and reporting of transactions between the Company and its Related Parties.

2. Definitions

- **a)** Audit Committee or Committee means the Audit Committee of Board of Directors of the Company;
- **b)** Board or Board of Directors means the Board of Directors of the Company, as constituted from time to time;
- **c)** Companies Act means the Companies Act, 2013 together with the rules and regulations formulated thereunder, as amended from time to time;
- **d)** Director means a member of the Board of Directors of the Company;
- **e)** Key Managerial Personnel or KMP means the managerial personnel as defined under Section 2(51) of the Companies Act;
- **f)** Policy means this Related Party Transactions Policy;
- **g)** Promoter and Promoter Group shall have the meaning assigned to it under the Articles of Association of the Company.
- **h)** Related Party means a related party as defined in Section 2(76) of the Companies Act and under the applicable Accounting Standards as amended from time to time.
- **i)** Relative means a relative as defined in Section 2(77) of the Companies Act;

3. Policy:

All Related Party Transactions shall require approval / ratification of the Audit Committee and / or the Board unless otherwise exempted under the provisions of the Companies Act and the rules made thereunder.

a) Identification of Potential Related Party and Transactions

The Chief Executive Officer, Chief Financial Officer and Company Secretary are responsible for compiling and maintaining the list of Related Parties as covered under section 2(76) of the Companies Act as well as the applicable Accounting Standards. This list of Related Parties shall be updated on an annual basis and further changes informed as soon as possible.

All Directors as well as KMP are responsible for informing the Company of any potential Related Party Transaction involving him or her or his or her Relative, immediately on occurrence. Further, Directors and KMPs should disclose to the Board whether they, directly, indirectly, or on behalf of third parties, have material interest in any transaction or matter directly affecting the Company.

In addition, all Directors and KMPs are responsible for giving notice to the Company Secretary (or such other person who may be entrusted for this purpose by the Audit Committee/ Board) of any potential Related Party Transaction involving them or their relatives. Such notice of any potential Related Party Transaction should be given well in advance so that the Company Secretary (or such other person who may be entrusted for this purpose by the Audit Committee/Board) has adequate time to obtain and review information about the proposed transaction and place the same before the Audit Committee / Board.

b) Approval / Ratification of Related Party Transactions

All Related Party Transactions shall require approval / ratification of the Audit Committee as per the provisions of Section 177 of the Companies Act and the rules made thereunder. The Audit Committee may also provide omnibus approval for Related Party Transactions as per the provisions of Section 177 of the Companies Act and the rules made thereunder.

All Related Party Transactions which are either not in the ordinary course of business or on arm's length, which are specified under Section 188(1) of the Companies Act, shall require approval / ratification of the Board as provided under Section 188 of the Companies Act.

The transactions listed out under Section 188(1) of the Companies Act will also require prior approval of the shareholders through a resolution if they exceed the threshold limits specified therein and if they are not in ordinary course of business or not on arm's length basis and voting restrictions for this purpose would be governed by the Companies Act as amended from time to time.

The Related Party Transactions shall be reviewed / approved by the Audit Committee and placed before the Board for its approval on quarterly basis subject to the limits specified under Sections 177 and 188 of the Companies Act.

The following Related Party Transactions shall not require approval of Audit Committee:

- **i)** Any transaction that involves the providing of compensation to a director or Key Managerial Personnel in connection with his or her duties to the Company, including the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business;
- **ii)** Any transaction that has been approved by the Board under the specific provisions of the Companies Act, 2013 e.g. loans, borrowings, investments etc. with or in Related Parties;
- **iii)** Payment of Dividend;
- **iv)** Contribution towards Corporate Social Responsibility (CSR) as approved by the CSR Committee / Board.

4. Omnibus approval

The Audit Committee may, in the best interests of the Company and to ensure smooth operations, grant overall approval for Related Party Transactions, proposed to be entered into by the Company which are repetitive in nature and which are routine and incidental to the general operations of the Company.

The Audit Committee may make overall approval for related party transactions proposed to be entered into by the company subject to the following:

(1) Overall Approval Criteria: The criteria for making the overall approval shall include the following, namely:

- **(a)** maximum value of the transactions, in aggregate, which can be allowed under the overall route in a year;
- **(b)** the maximum value per transaction which can be allowed;
- **(c)** extent and manner of disclosures to be made to the Audit Committee at the time of seeking overall approval;
- **(d)** review, at such intervals as the Audit Committee may deem fit, related party transaction entered into by the company pursuant to each of the overall approval made;
- **(e)** transactions which cannot be subject to the overall approval by the Audit Committee.

(2) Contents of overall Approval: The overall approval given by the Audit Committee shall indicate the following: -

- **(a)** name of the related parties;
- **(b)** nature and duration of the transaction;
- **(c)** maximum amount of transaction that can be entered into;
- **(d)** the indicative base price or current contracted price and the formula for variation in the price, if any; and
- **(e)** any other information relevant or important for the Audit Committee to take a decision on the proposed transaction:

Provided that where the need for related party transaction cannot be foreseen and aforesaid details are not available, audit committee may make overall approval for such transactions subject to their value not exceeding rupees one crore per transaction.

(3). Overall approval shall be valid for a period not exceeding one financial year and shall require fresh approval after the expiry of such financial year.

(4). Overall approval shall not be made for transactions in respect of selling or disposing of the undertaking of the company.

5. Policy Review

This Policy shall be reviewed by the Audit Committee/Board at least once in every three years. Any changes or modification on the Policy as recommended by the Audit Committee would be presented for approval of the Board. The Board can from time to time authorise Directors to make changes in the policy due to regulatory or legal requirements and such changes made to be brought to the attention of the Board at the first meeting following the amendment.

Annexure - E

FORM NO. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31st MARCH 2020
(Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014)

To,
The Members,
FIVE-STAR BUSINESS FINANCE LIMITED
New No.27, Old No.4, Taylor's Road,
Kilpauk, Chennai – 600010.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices of M/s. Five-Star Business Finance Limited (CIN: U65991TN1984PLC010844) (hereinafter called "the Company"). The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March 2020, has complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2020 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder as applicable to the Company;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder as applicable to the Company.

(iv) The Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder as applicable to the extent of Foreign Direct Investment. The Company does not have any External Commercial Borrowings or Overseas Direct Investment.

(v) The following regulations and guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'), to the extent appicable:

- **(a)** The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- **(b)** The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009/2018;
- **(c)** The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- **(d)** The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client and ESOP.

(vi) The Company has materially complied with the following laws to the extent applicable specifically to a Non-Banking Financial Company (NBFC):

- **(a)** Reserve Bank of India Act, 1934, and the RBI Directions and guidlines as applicable to NBFCs;
- **(b)** The Prevention of Money Laundering Act, 2002

We have also examined compliance with the applicable Regulations and standards of the following:

i) Listing Agreements entered into by the Company with the BSE Limited as per the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for listing of its Non-Convertible Debentures;

ii) Secretarial Standards (SS-1) for Board Meeting and Secretarial Standards (SS-2) for General Meeting issued by The Institute of Company Secretaries of India.

During the period under review the Company has complied with the provisions of the applicable Acts, Rules, Regulations, Guidelines, Standards, etc. as mentioned above.

We further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors and there were changes in the composition of the Board of Directors during the period under review, which were carried out in compliance with the provisions of the Act.

Adequate notice was given to all the Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in advance as per the applicable provisions of the Act, and a proper system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. As per the minutes of the meetings, majority decision is carried through and there were no dissenting views of the members.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that, during the audit period the Company has:

a) issued and allotted 3,00,08,700 Secured, Listed, Rated, Redeemable, Taxable, Non-Convertible Debentures ('NCDs') on private placement basis on various dates, which were listed in BSE Limited.
b) allotted 1,78,450 fully paid up Equity Shares of Rs.10/- each on various dates, pursuant to the Five-Star Associate Stock Option Scheme, 2015.
c) made a preferential issue of 13,32,262 fully paid up Equity shares of Rs 10/- each which were allotted on 22nd July 2019 on private placement basis.
d) amended its Articles of Association by adopting a full set of restated Articles of Association in substitution of the existing Articles at its extraordinary general meeting held on 24th January 2020.
e) made a preferential issue of 7,50,000 Partly Paid Equity shares of Rs 10/- each which were allotted on 25th February 2020 on private placement basis.
f) issued and allotted 9,67,597 Partly Paid Equity shares of Rs 10/- each on 21st March 2020 pursuant to a rights issue.
g) redeemed 1,850 NCDs on various dates
h) passed a special resolution under Section 180(1)(c) of the Act at the annual general meeting held on 25th September 2019 fixing the borrowing limits as Rs 4000 Crores (Rupees Four Thousand Crores Only)
i) passed a special resolution for Private Placement of debentures under section 42 and 71 of the Act up to a sum of Rs 2500 Crores (Rupees Two Thousand Five Hundred Crores only).

We also report that Five-Star Housing Finance Private Limited, Wholly Owned Subsidiary Company was amalgamated with the Company with effect from 17th March, 2020, as per the confirmation order of the Scheme of Amalgamation received from the Regional Director - Southern Region, Ministry of Corporate Affairs.

For S Sandeep & Associates
S Sandeep
Managing Partner
FCS: 5853 COP: 5987

Place: Chennai
Date: 01 June 2020
UDIN: F005853B000308606

This report is to be read with our letter of even date, which is annexed as Annexure I and forms an integral part of this report.

'Annexure - I'

To,
The Members,
FIVE-STAR BUSINESS FINANCE LIMITED
New No.27, Old No.4, Taylor's Road,
Kilpauk, Chennai – 600010.

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.

2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and Books of accounts of the company.

4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.

6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For S Sandeep & Associates
S Sandeep
Managing Partner
FCS: 5853 COP: 5987

Place: Chennai
Date: 01 June 2020

Annexure - F

CORPORATE SOCIAL RESPONSIBILITY REPORT

1. Brief outline of the Company's CSR policy including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.
Five-Star is a growing company and is committed towards social welfare of the common people as it caters the housing needs of self-employed, informal segment of customers, belonging to middle income, primarily from semi urban and rural markets. The Company shall seek to positively impact the lives of the disadvantaged by supporting and engaging in activities that aim to improve their wellbeing.

Your company would be undertaking the CSR activities as listed in Schedule VII and Section 135 of the Companies Act, 2013 and the Rules framed thereunder.

The Company's CSR policy has been uploaded in the website of the Company and the web link to CSR policy is http://www.fivestargroup.in/our-policies/

2. Composition of the CSR Committee

1. Mr D Lakshmipathy, Chairman & Managing Director
2. Mr R Anand, Independent Director
3. Ms Bhama Krishnamurthy, Independent Director

The Committee met once during the financial year on 27th February 2020.

3. Average net profit of the Company for the last three financial years: Rs 10,814.22 lakhs

4. Prescribed CSR expenditure *(2% of the average net profit of the last three financial years)*
The Company during the financial year 2019-20 is required to spend Rs. 216.28 lakhs towards CSR.

5. Details of CSR spent during the financial year:

a) Total amount spent for the financial year: Nil
b) Amount unspent, if any; Rs. 216.28 lakhs
c) Manner in which the amount spent during the financial year is detailed below:

CSR Project or activity identified	Sector in which the project is covered	Project programs (1) Local area or other (2) Specify the state and district where the projects or programs were undertaken	Amount outlay (budget) project or program wise	Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs (2) Overheads:	Cumulative expenditure upto the reporting period	Amount spent directly or through implementing agency
-	-	-	-	-	-	-

6. In case the company has failed to spend the two percent of the average net profit of the last three financial years or any thereof, the company shall provide the reasons for not spending the amount in its Board's Report

The management is in the process of identifying suitable projects and programme which would complement the businesses of the Company. As advised by the CSR Committee, in its meeting on 27th February 2020, the Management was to look out for projects in areas of financial literacy, financial inclusion, livelihood and it was proposed to reach out to senior government officials to facilitate this. However, the onset of COVID-19 pandemic and the subsequent lockdowns made it difficult for the company to identify and carry out such projects.

During the current financial year viz. FY 2020-21, it is proposed to grant donations and make contributions towards COVID relief measures, which would be eligible to be classified as CSR expenditure.

7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and policy of the company

The CSR Committee confirms that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and policy of the company.

For and on behalf of the Board of Directors
D Lakshmipathy
Chairman & Managing Director
DIN: 01723269

Chennai
10 June 2020

Annexure - G

DIRECTOR'S APPOINTMENT AND REMUNERATION POLICY
FIVE-STAR BUSINESS FINANCE LIMITED – DIRECTORS APPOINTMENT, REMUNERATION & EVALUATION POLICY

1. Purpose of this Policy:
Five-Star Business Finance Limited ("Five-Star" or the "Company") has adopted this Policy on appointment, remuneration and evaluation of the Directors, Key Managerial Personnel and Senior Management (the "Policy") as required by the provisions of Section 178 of the Companies Act, 2013 (the "Act").

The purpose of this Policy is to establish and govern the procedure applicable:

a) To evaluate the performance of the members of the Board.
b) To ensure remuneration to Directors, KMP and Senior Management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.
c) To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

The Company should ensure that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully and the relationship of remuneration to performance is clear and meets appropriate performance benchmarks.

2. Definitions:
Independent Director means a director referred to in Section 149(6) of the Act, as amended from time to time.

Key Managerial Personnel (the "KMP") shall mean "Key Managerial Personnel" as defined in Section 2(51) of the Act.

Nomination and Remuneration Committee, by whatever name called, shall mean a Committee of Board of Directors of the Company, constituted in accordance with the provisions of Section 178 of the Act.

Remuneration means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income tax Act, 1961.

Senior Management means personnel of the Company who are members of its core management team excluding Board of Directors. This would include all members of management one level below the Managing Director, including all functional heads.

Words and expressions used and not defined in this Policy, but defined in the Act or any rules framed under the Act or the Accounting Standards shall have the meanings assigned to them in these regulations.

3. Composition of the Nomination & Remuneration Committee:
The composition of the Committee to be in compliance with the Act, Rules made thereunder, as amended from time to time.

4. Role of the Committee:

a) To review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's Corporate Strategy.
b) To identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for Directorships.

c) To assess and ensure the independence of Independent Non-Executive Directors.
d) To review the result of the performance evaluation process that relates to the composition of the Board.
e) To make recommendation to the Board regarding the appointment and re- appointment of Directors and succession planning for Directors, in particular for Chairman & Chief Executive.
f) To recommend the remuneration payable to Non-Executive Directors of the Company from time to time.
g) Annual appraisal of the performance of Managing Director and fixing his terms of remuneration.
h) Laying down manner of Annual appraisal of the Senior Management Team reporting to the Managing Director.
i) Administration and superintendence in connection with the Associate Stock Option Schemes under the broad policy and framework laid down by the Company and/or by the Board of Directors.
j) Formulate from time to time specific parameters relating to the Associate Stock Option Schemes.
k) Identification of persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance.
i) Formulation of criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees

5.Appointment and removal of Director, KMP and Senior Management:

5.1. Appointment criteria and qualification: The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director and recommend to the Board his/her appointment.

For the appointment of KMP (other than Managing Director) or Senior Management, a person should possess adequate qualification, expertise and experience for the position he / she is considered for the appointment.

Further, for administrative convenience, towards the appointment of KMP (other than Managing Director) or Senior Management, the Managing Director is authorized to identify and appoint a suitable person for such position. However, if the need be, the Managing Director may consult the Committee/Board for further directions/guidance.

5.2. Term: The Term of the Directors including Managing Director / Independent Director shall be governed as per the provisions of the Act and Rules made thereunder, as amended from time to time. Whereas the term of the KMP (other than the Managing Director) and Senior Management shall be governed by the prevailing HR policies of the Company.

5.3. Evaluation: The Committee shall specify the manner for effective evaluation of performance of Board, its committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance.

5.4. Removal: Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, Rules and Regulations thereunder and / or for any disciplinary reasons and subject to such applicable Acts, Rules and Regulations and the Company's prevailing HR policies, the Committee may recommend, to the Board, with reasons recorded in writing, removal of a Director, KMP or Senior Management.

5.5. Policy Review: Subject to the approval of the Board, the Nomination & Remuneration Committee reserves the right to review and amend this policy, if required, to ascertain its appropriateness as per the needs of the Company. The company may be amended by passing a resolution at a meeting of the Nomination and Remuneration Committee.

6. Remuneration of Managing Director, KMP and Senior Management:

The remuneration / compensation /commission, etc., as the case may be, to the Managing Director will be determined by the Committee and recommended to the Board for approval. The remuneration/compensation/commission, etc., as the case may be, shall be subject to the approval of the shareholders of the Company and Central Government, wherever required and shall be in accordance with the provisions of the Act and Rules made thereunder. Further, the Managing Director of the Company is authorised to decide the remuneration of KMP and Senior Management, and which shall be decided by the Managing Director based on the standard market practice and prevailing HR policies of the Company.

7. Remuneration to Non-executive/ Independent Director:

The remuneration/commission/sitting fees, as the case may be, to the Non- Executive/Independent Director, shall be in accordance with the provisions of the Act and the Rules made thereunder for the time being in force or as may be decided by the Committee/Board/shareholders.

Annexure - Criteria for Evaluation

Criteria for evaluation of the Board and non-independent directors:

1. Composition of the Board and availability of multi-disciplinary skills
2. Commitment to good Corporate Governance Practices
3. Adherence to Regulatory Compliance
4. Track record of financial Performance
5. Grievance redressal mechanism
6. Existence of integrated Risk Management System
7. Use of Modern technology
8. Commitment to CSR
9. Stakeholder focus
10. Knowledge sharing
11. Drive and commitment
12. Financial & Risk Awareness

Criteria for evaluation of Chairman & Managing Director:

1. Leadership qualities
2. Standard of Integrity
3. Understanding of Macroeconomic trends and Micro Industry trends.
4. Public Relations
5. Future Vision and Innovation

Criteria for evaluation of Independent Directors:

1. Qualifications & Experience
2. Standard of Integrity
3. Attendance in Board Meetings/AGM
4. Understanding of Company's business
5. Value addition in Board Meetings

Criteria for evaluation of the Committees:

1. Qualification & Experience of members
2. Depth of review of financial performance
3. Oversight of Audit & Inspection
4. Review of regulatory compliance
5. Fraud monitoring
6. Defined set of terms of reference
7. Consideration of the recommendations of the committees by the Board
8. Familiarity of the members with the policies, procedures and guidelines of the Committees
9. Receipt of agenda & supporting materials by the members
10. Attendance at committee meetings

CORPORATE GOVERNANCE REPORT

Annexure - H

CORPORATE GOVERNANCE REPORT

The fundamental objective of "Good Corporate Governance and Ethics" is to ensure the commitment of an organization in managing the company in a legal and transparent manner in order to maximize the long-term value for all its stakeholders i.e. shareholders, customers, employees and other partners.

Company Philosophy

Five-Star Business Finance Limited's (Five Star) philosophy on corporate governance envisages adherence to the highest levels of commitment, integrity, transparency, accountability and fairness, in all areas of its business and in all interactions with its stakeholders.

Your Company has adopted a set of internal guidelines on Corporate Governance in line with its philosophy.

Board of Directors

As on the date of this report, your Board of Directors consists of Twelve (12) members including the Chairman cum Managing Director.

Mr D Lakshmipathy is the Executive Chairman and Managing Director of the Company.

During the financial year ended 31st March 2020, 7 (Seven) Board Meetings were held on 25th April, 2019, 14th May, 2019, 18th June, 2019, 2nd August, 2019, 29th August, 2019, 6th November, 2019 and 27th February, 2020 respectively and not more than 120 days elapsed between any two meetings.

Particulars of the Directors' attendance to the Board/Committee Meetings and particulars of their other company directorships are given below:

Name	Name of Directorship	Attendance		Other Dicrectorship
		Board	Committee	
Mr D Lakshmipathy	Chairman & Managing Director	7	41	-
Mr B Haribabu	Independent Director	7	42	-
Mr Ramanathan Annamalai	Independent Director	6	41	8
Ms Bhama Krishnamurthy	Independent Director	6	5	6
Mr R Anand	Independent Director	7	5	7
Mr L R Raviprasad	Non-Executive Director	6	42	1
Mr Vasan Thirulokchand	Non-Executive Director	6	-	-
Mr Vikram Vaidyanathan	Nominee Director	4	1	12
Mr Ling Wei Ong	Nominee Director	-	-	1
Mr Arjun Saigal	Alternate Director to Mr Ling Wei Ong, Nominee Director	2	-	4
Mr G V Ravishankar	Nominee Director	4	-	15
Mr Gaurav Trehan	Nominee Director	1	-	5

Changes in Board of Directors

During the financial year under review, the following changes took place in the composition of the Board of Directors:

- Mr Ling Wei Ong, nominated by NHPEA Chocolate Holdings B.V. and Mr G V Ravishankar nominated by SCI Investments V, Non-Executive Directors retired by rotation at the 35th Annual General Meeting held on 25th September 2019 and were re-appointed.

- Mr Arjun Saigal, who ceased to be an alternate director to Mr Ling Wei Ong who retired by rotation, on 25th September 2019 was appointed as an Alternate Director to Mr Ling Wei Ong with effect from 25th September 2019.

- Mr B Haribabu, Independent Director whose first term ended on 27th March, 2020 was re-appointed for a second term of five years effective 28th March 2020, subject to the shareholders' approval at the ensuing annual general meeting.

Independent Directors

Your Company has appointed Independent Directors as per the provisions of the Companies Act, 2013. None of the Independent Directors are Promoters or are related to Promoters. They do not have pecuniary relationship with the Company and further do not hold two percent or more of the total voting power of the Company.

Every Independent Director, at the first meeting of the Board in which he/she participates as a Director and thereafter at the first meeting of the Board in every financial year, gives a declaration that he/she meets the criteria of independence as required under Section 149(7) of the Companies Act, 2013.

The Company had issued a formal letter of appointment to all Independent Directors and the terms and conditions of their appointment have been disclosed in the website of the Company.

There is a separate meeting of the Independent Directors held annually in accordance with Schedule IV of the Companies Act, 2013 to:

(i) review the performance of non-independent directors and the Board as a whole;
(ii) review the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors;
(iii) assess the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

Code of Conduct

Your Company has adopted a Code of Conduct for members of the Board (incorporating Code for Independent Directors) and the Senior Management. The Code aims at ensuring consistent standards of conduct and ethical business practices across the Company.

Committees of the Board
Audit Committee
Composition and Meetings

As on the date of this report, the Audit Committee currently consists of the following members:

1. Mr R Anand, Independent Director (Chairman)
2. Mr A Ramanthan, Independent Director
3. Ms Bhama Krishnamurthy, Independent Director

The Audit Committee of the Board met four (4) times during the year on 13th May, 2019, 2nd August, 2019, 6th November, 2019 and 26th February, 2020 respectively.

Terms of reference:

1. Oversight of the Company's financial reporting process and the disclosure of its financial interest to ensure that the financial statements are correct, sufficient and credible.
2. The recommendation for appointment, remuneration and terms of appointment of statutory, secretarial and internal auditors of the company.

3. Reviewing with the management the quarterly, half yearly and annual financial statements before submission to the Board, with particular reference to:
   - Matters required to be included in Director's Responsibility Statement to be included in the Board's report to members.
   - Changes, if any in accounting policies and practices and reasons for the same.
   - Major Accounting entries involving estimates based on the exercise of judgment by management.
   - Significant adjustments made in the financial statements arising out of audit findings.
   - Compliance with accounting and other legal requirements relating to financial statements.
   - Disclosure of any Related Party Transactions.
   - Qualifications in draft Auditors Report.
4. Reviewing with the management performance of statutory and internal auditors, adequacy of the internal control systems.
5. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department reporting structure and frequency of internal audit.
6. Discussion with internal auditors any significant findings and follow up thereon.
7. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
8. Discussion with statutory auditors before the audit commences, about the nature & scope of audit as well as post audit discussion to ascertain any area of concern.
9. Review on quarterly basis the securitization/bilateral assignment transactions and investment activities of the Company.
10. Annual Review of Company's policies framed pursuant to RBI and other regulatory guidelines and suggest changes if any, required to the Board for adoption.
11. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
12. Examination of the financial statement and the auditors' report thereon;
13. Approval or any subsequent modification of transactions of the company with related parties;
14. Scrutiny of inter-corporate loans and investments;
15. Valuation of undertakings or assets of the company, wherever it is necessary;
16. Monitoring the end use of funds raised through public offers and related matters.

The Committee shall mandatorily review the following information:
1. Management discussion and analysis of financial condition and results of operation
2. Statement of significant related party transactions
3. Management letters/letters of internal control weaknesses issued by the statutory auditors.
4. Internal audit report relating to internal control weaknesses.

The Committee must ensure that an Information System Audit of the internal systems and processes is conducted at least once in two years to assess operational risks faced by Five Star.

Nomination & Remuneration Committee

Composition and Meetings

As on the date of this report, the Nomination & Remuneration Committee currently consists of the following members:
1. Mr A Ramanathan, Independent Director
2. Mr B Haribabu, Independent Director
3. Mr L R Raviprasad, Non-Executive Director
4. Mr Vikram Vaidyanathan, Non-Executive Director

The Nomination & Remuneration Committee of the Board met 2 (Two) times during the year on 14th May, 2019 and 6th November, 2019.

Terms of Reference
1. To review the structure, size and composition (including the skills, knowledge and experience) of the Board atleast annually and make recommendations on any proposed changes to the Board to complement the Company's Corporate Strategy.

2. To identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for Directorships
3. Identification of persons who are qualified to become directors and who maybe appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance.
4. To access the independence of Independent Non-Executive Directors.
5. Formulation of criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.
6. To review the result of the performance evaluation process that relates to the composition of the Board.
7. To make recommendation to the Board regarding the appointment and re- appointment of Directors and succession planning for Directors in particular for Chairman & Chief Executive.
8. To recommend the remuneration payable to Non-Executive Directors of the Company from time to time.
9. Annual appraisal of the performance of Managing Director and fixing his terms of remuneration
10. Annual appraisal of the Senior Management Team reporting to the Managing Director.
11. Administration and superintendence of ESOP scheme of the Company and /or by the Board of Directors.

Business & Resource Committee

Composition and Meetings

As on the date of this report, the Business & Resource Committee currently consists of the following members:
1. Mr D Lakshmipathy, Chairman & Managing Director
2. Mr L R Raviprasad, Non-Executive Director
3. Mr B Haribabu, Independent Director
4. Mr A Ramanathan, Independent Director

The Business & Resource Committee of the Board met 40 (Forty) times during the year on 11th April, 2019, 16th April, 2019, 23rd April, 2019, 8th May, 2019, 16th May, 2019, 22nd May, 2019, 28th May, 2019, 10th June, 2019, 18th June, 2019, 25th June, 2019, 28th June, 2019, 11th July, 2019, 25th July, 2019, 8th August, 2019, 16th August, 2019, 28th August, 2019, 10th September, 2019, 24th September, 2019, 25th September, 2019, 8th October, 2019, 30th October, 2019, 8th November, 2019, 20th November, 2019, 6th December, 2019, 11th December, 2019, 12th December, 2019, 24th December, 2019, 10th January, 2020, 24th January, 2020, 29th January, 2020, 8th February, 2020, 18th February, 2020, 24th February, 2020, 25th February, 2020, 27th February, 2020, 6th March, 2020, 18th March, 2020 and 21st March, 2020.

Terms of Reference
1. Borrowing such sum or sums of moneys, availing all kinds and types of loans and credit facilities including debentures and other debt instruments, commercial paper, temporary loans from the company's bankers, from time to time, upto such sum / limit as may be fixed by the Board of Directors / Shareholders, for and on behalf of the Company, from its directors, shareholders, banks, NBFCs, financial institutions, companies, firms, bodies corporate, Co-operative Banks, investment institutions and their subsidiaries, or from any other person as may be permitted under applicable laws, whether unsecured or secured by mortgage, charge, hypothecation or lien or pledge of the Company's assets and/or properties, whether movable including stocks, fixed assets, book debts and to create security over the assets and / or properties of the Company in relation to such borrowings and loan/ credit facilities, modification or satisfaction of the charge/ security created on the assets and/or properties of the Company from time to time.
2. To mortgage / charge/ hypothecate all or any of the movable properties and assets of the Company both present and future and the whole or substantially the whole of the undertaking or the undertakings of the Company on such terms and conditions, as may be agreed to with the Lender(s), Debenture holders and providers of credit and debt facilities to secure the loans / borrowings / credit / debt facilities obtained or as may be obtained, or Debentures/Bonds and other instruments issued or to be issued by the Company to or in favour of the financial institutions, Non-Banking Financial Companies, Co-operative Banks, investment institutions and their subsidiaries, banks, mutual funds, trusts and other bodies corporate or trustees for the holders of debentures/bonds and/or other instruments.
3. To establish current and other banking accounts with various banks upon such terms and conditions as may be agreed upon with the said bank and various other entities; to specify and change the authorized signatories and their transaction limits to the said banking accounts; to close current and other banking accounts.
4. To consider and approve securitization arrangements and to authorize carrying out of all actions connected therewith.

5. Issuance of Share/Debenture and other security certificates
   a. Issuance of fresh Share/Debenture and other security certificates
   b. Issuance of duplicate Share/Debenture and other security certificates
   c. Issuance of certificates upon request of the Company on split/consolidation/replacement of old and duplicate certificates, transfer or transmission requests.
6. To approve/ratify transfer of securities, to take note of nomination/transmission.
7. To review, modify and approve investment policy of the Company from time to time.
8. To authorize affixing the common seal of the Company in accordance with the manner laid down in the Articles of Association and to authorize taking the Common Seal out of the registered office of the Company.

Asset Liability Committee

Composition and Meetings

As on the date of this report, the Asset Liability Committee currently consists of the following members:
1. Mr D Lakshmipathy, Chairman & Managing Director
2. Mr K Rangarajan, Chief Executive Officer
3. Mr G Srikanth, Chief Financial & Information Officer
4. Mr Sanjay Chaturvedi, Chief Treasury Officer
5. Mr S Prashanth, Head – Treasury

The Asset Liability Committee meets regularly to review the areas falling within its terms of reference

Terms of Reference
1. Liquidity Risk Management
2. Management of Market (Interest Rate) Risk
3. Funding and Capital Planning
4. Credit and Portfolio Risk Management
5. Setting credit norms for various lending products of the company
6. Operational and Process Risk Management
7. Laying down guidelines on KYC norms
8. To approve and revise the actual interest rates to be charged from customers for different products from time to time applying the interest rate model.

Corporate Social Responsibility Committee

Composition and Meetings

Your Company has constituted a Corporate Social Responsibility Committee as per Section 135 of Companies Act, 2013 and the Rules made there under. As on the date of this report the Committee consists of following members:
1. Mr D Lakshmipathy, Chairman & Managing Director
2. Ms Bhama Krishnamurthy, Independent Director
3. Mr R Anand, Independent Director

The Corporate Social Responsibility Committee of the Board met 1 (one) time during the year on 27th February, 2020.

Terms of Reference
1. To formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII to the Companies Act, 2013 as may be amended or modified from time to time;
2. To recommend the amount of expenditure to be incurred on the activities referred above.
3. To monitor the Corporate Social Responsibility activities of the company from time to time.

Risk Management Committee

Composition and Meetings

As on the date of this report, the Risk Management Committee currently consists of the following members:
1. Ms Bhama Krishnamurthy, Independent Director - Chairperson
2. Mr D Lakshmipathy, Chairman & Managing Director
3. Mr R Anand, Independent Director
4. Mr J Vishnuram, Chief Risk Officer

The Risk Management Committee meets at quarterly intervals to review the areas falling within its terms of reference.

Terms of Reference

1. Laying down the review of procedures relating to risk assessment & risk minimization to ensure that executive management controls risk through means of a properly defined framework
2. Credit & Portfolio Risk Management.
3. Operational & Process Risk Management.
4. Laying down guidelines on KYC Norms.
5. Evaluation of risk management systems.
6. Gradation of risks into High / Medium / Low.
7. Movement of risks (across high / medium / low categories) to be carried out every quarter.
8. Evaluate the risk relevant policies before the same are placed to the Board for approval.

IT Strategy Committee

Composition and Meetings

As on the date of this report, the IT Strategy Committee currently consists of the following members:

1. Mr A Ramanthan, Independent Director – Chairman
2. Mr D Lakshmipathy, Chairman & Managing Director
3. Mr K Rangarajan, Chief Executive Officer
4. Mr G Srikanth, Chief Financial & Information Officer
5. Mr Parthasarathi Asuri, Head Internal Audit
6. Mr J Vishnuram, Head-Operations
7. Mr S Parthsarathi, Chief Credit Officer
8. Mr Vishnu Prasad, Head – Information Technology

The IT Strategy Committee meets regularly to review the areas falling within its terms of reference.

Terms of Reference

1. Approving IT strategy and policy documents and ensuring that the management has put an effective strategic planning process in place;
2. Ascertaining that management has implemented processes and practices that ensure that the IT delivers value to the business;
3. Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable;
4. Monitoring the method that management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources;
5. Ensuring proper balance of IT investments for sustaining Five Star's growth and becoming aware about exposure towards IT risks and controls.
6. Such other terms of reference as may be laid down by RBI and/or by the Board from time to time.

Stakeholders Relationship Committee

Composition and Meetings

As on the date of this report, the Stakeholders Relationship Committee currently consists of the following members:

1. Mr L R Raviprasad, Non-Executive Director
2. Mr B Haribabu, Independent Director
3. Mr D Lakshmipathy, Chairman & Managing Director

Terms of Reference

1. Redressal of grievances of shareholders, debenture holders and other security holders.
2. Consider and resolve the grievances of the security holders of the Company including complaints related to transfer of shares, non-receipt of balance sheet, non-receipt of annual report and non-receipt of declared dividends.
3. Carry out any other function as prescribed under the Companies Act, 2013, SEBI LODR and other Applicable Laws.
4. Demat, Remat, Transfer/ Transmission/ Name Change/ Deletion/ Modification of any Securities and its review.

Remuneration of Directors

All directors except the Chairman and Managing Director and Nominee Directors for investors are paid a sitting fee of Rs. 25,000/- for attending every meeting of the Board and Rs. 15,000/- for attending every meeting of the Audit Committee, Nomination and Remuneration Committee and Corporate Social Responsibility Committee.

The details of sitting fees paid to Directors during the financial year are as follows:

Name	Board	Committee
Mr L R Raviprasad	150,000	30,000
Mr B Haribabu	175,000	30,000
Mr Ramanathan Annamalai	150,000	90,000
Mr R Anand	175,000	75,000
Ms Bhama Krishnamurthy	150,000	75,000
Mr Vasan Thirulokchand	150,000	-

Commission to Non-Executive Directors

All Non-executive Directors including Independent Directors except Nominee Directors for investors are paid remuneration by way of annual commission based on the recommendation by the Nomination and Remuneration Committee. The same has been approved by the Board and is within the limits prescribed under the Companies Act, 2013.

The details of commission paid to Non-executive Directors during the financial year ended 31st March 2020 are as follows:

Director	Commission (₹)
Mr L R Raviprasad	3,00,000
Mr B Haribabu	3,00,000
Mr Ramanathan Annamalai	3,00,000
Mr R Anand	3,00,000
Ms Bhama Krishnamurthy	3,00,000
Mr Vasan Thirulokchand	3,00,000
Total	**18,00,000**

Remuneration to Chairman & Managing Director

The details of remuneration as approved by the Board and Shareholders based on the recommendation of the Nomination and Remuneration Committee and paid to Mr. D. Lakshmipathy, Chairman and Managing Director for the financial year ended 31st March 2020 are as follows:

Particulars	Amount (₹ in Lakhs)
Salary	328.52
Commission	175.00
Total	**503.52**

CMD/CEO/CFO Certification

CMD/CEO/CFO have given a certificate to the Board as per the format given in regulation 17(8) of the SEBI (Listing Obligations and Disclosure Requirements) 2015.

General Body Meetings

During the financial year ended 31st March 2020, one (1) Annual General Meeting was held on 25th September 2019 and three (3) Extra Ordinary General Meetings were held on 18th July 2019, 13th November, 2019 and 24th January 2020.

All the proposed resolutions, including special resolutions, were passed by the shareholders as set out in the Notices.

General Shareholder Information

Particulars	Details
Financial Year	1st April, 2019 to 31st March, 2020
36th Annual General Meeting	
Day/ Date/ Time	Monday/ 31st August, 2020/ 10:30 A.M.
Venue	New No 27, Old No 4, Taylor's Road, Kilpauk, Chennai - 600 010.
Registrar and Transfer Agents	**NSDL Database Management Limited** 4th Floor, Trade World, 'A' Wing, Kamala Mills Compound, Lower Parel, Mumbai - 400013
Debenture Trustees	**Axis Trustee Services Limited** The Ruby, 2nd Floor, SW, 29 Senapati Bapat Marg, Dadar West, Mumbai- 400 028 **IDBI Trusteeship Services Limited** Ground Floor, Asian Building, 17, R Kanmani Road, Ballard Estate, Fort, Mumbai, Maharashtra - 400 001 **Catalyst Trusteeship Limited** Office No. 604, 6th floor, Windsor, C.S.T. Road, Kalina, Santacruz (East), Mumbai 400098
Demat ISIN in NSDL and CDSL (Equity Shares)	INE128S01013

Shareholding pattern as on 31st March 2020

Name of the Shareholder	No. of Shares	Percentage (%) of Share Holding
Category		
(A) Promoter & Group	60,27,801	22.22%
(B) Directors & Relatives		
L R Raviprasad	85200	0.31%
B Haribabu	48,100	0.18%
(C) Investors		
Matrix Partners India Investment Holdings II, LLC	41,00,999	15.12%
NHPEA Chocolate Holdings B.V.	35,98,051	13.26%
Matrix Partners India Investments II Extension, LLC	68,897	0.25%
Norwest Venture Partners X - Mauritius	25,69,650	9.47%
SCI Investments V	25,69,650	9.47%
TPG Asia VII SF Pte. Ltd.	61,10,673	22.53%
(D) Public	19,48,870	7.18%
Total	**2,71,27,891**	**100.00%**

For and on behalf of the Board of Directors
D Lakshmipathy
Chairman & Managing Director
DIN: 01723269

Chennai
10 June 2020

MANAGEMENT DISCUSSION & ANALYSIS

Annexure - I

MANAGEMENT DISCUSSION ANALYSIS

1. Macro-Economic Overview

1.1. The initial part of the financial year was abuzz with good tidings for the Indian economy. Starting with a single party majority government being elected, government wanting to convert India into a $5 trillion economy over the next 5 years, Economic Survey coming out with pro-business outlook and finally corporate tax rate cuts, everything seemed to be in line with aspirations.

1.2. Despite all these measures, the economy was slowing down as can be seen in the quarterly GDP figures which dropped from 5.8% in Q4 of last financial year to 4.7 in Q3 of FY 2020 and further to 3.1% in Q4 of FY 2020[1].

1.3. Further, the COVID-19 pandemic, which hit the country in March 2020, created an unprecedented uncertainty and has rendered the future prospects completely uncertain. The Company is keeping a close watch on the developments and will be taking necessary actions depending on how the effects of the pandemic pan out.

2. Industry Overview

2.1. The Financial Services industry has been in the news for more undesirable reasons over the past few years. Even large institutions across banks and financial institutions have been under severe stress, with some of them obliterated in the recent past while the government and RBI have stepped in to save the others from ruin. Governance issues, fundamental weaknesses, short-sightedness, etc have all contributed to this unfortunate situation.

Such incidents affect not just the concerned institution but the entire industry at large. The entire financial services industry gets stigmatized and every institution is forced to bear the brunt. Asset quality issues crop up, liquidity gets dried up, cashflow issues surface and the whole operations get into a spin. In particular, these issues affect the smaller and mid-sized companies and it becomes a question of survival for such entities.

2.2. The current financial year has been even more unsympathetic, not just on the financial services sector but across sectors and across the globe. The COVID-19 pandemic has been significantly severe to say the least and every institution across sectors have been impacted by this. More particularly to the financial services industry, every government and central bank across the globe have been taking measures to contain the effects of the pandemic but the results till now have not been very encouraging. The duration of the pandemic remains to be seen and it is unlikely that there would be any major growth during the current financial year i.e. FY 2020-21.

The pandemic hit the world hard during the last quarter of FY 2020 and the major effect of this in India was felt in the month of March, more towards the second half of the month. The Government sent the nation into a complete lockdown, businesses went into a shell, RBI came out with measures like moratorium, etc and while all these had relatively minimal impact during FY 2020, the impact would be more pronounced in FY 2021.

3. Operating Environment

There were challenges in the operating environment throughout the year and this was further compounded with the onset of the COVID-19 pandemic.

3.1. Growth

As per an ICRA report “Retail NBFC Credit Trends”, Retail-NBFC AUM stood at Rs. 9.8 trillion on December 31, 2019, growing 15% YoY. The slowdown was contributed primarily by the demand slowdown in the vehicle segment and weaker offtake in the SME segment.

[1] Source – Ministry of Statistics and Program Implementation

To quote from the aforementioned report “Retail NBFC Credit Trends” – *The slowdown induced by Covid-19 has further accelerated the slide in the performance of retail-focussed non-banking financial companies (Retail-NBFCs), which were already facing muted demand and were dealing with the emerging asset quality related concerns. In line with ICRA’s revision of the GDP growth rate for Q4 FY2020 (to ~2.4%) and for FY2021 (~ to 2.0%), and the various headwinds faced by the sector, ICRA has also revised the assets under management (AUM) growth rate for Retail-NBFCs for FY2020 to 10-13% and expects AUM to grow at 6-8% in FY2021.*

3.2. Asset Quality

As per the Financial Stability Report of RBI, the GNPA of NBFCs increased from 6.1% in FY 2019 to 6.4% in FY 2020. The asset quality is also expected to worsen even further in FY 2021 given the widespread damage caused by the pandemic.

3.3. Regulatory changes

One of the very important regulatory pronouncements during the financial year 2019-20 pertains to the Guidelines on Risk Management Framework published by the Reserve Bank of India. The necessity for a robust Risk Management System could not have been more pronounced than during the current financial year. A number of institutions faltered for want of a robust risk management framework and the Central Bank deemed it appropriate to come out with comprehensive guidelines for adherence by NBFCs as well.

The appointment of a Chief Risk Officer, independent of any kind of functional responsibilities other than risk identification, measurement, mitigation, etc, was made mandatory. Further, detailed liquidity risk management guidelines including applicability of LCR (Liquidity Coverage Ratio) was imposed upon NBFCs. This was to avoid any kind of systemic risk being triggered by the fall of NBFCs.

With the onset of the COVID-19 pandemic, RBI also came out with numerous measures to address liquidity requirements of NBFCs viz. Targeted Long Term Repo Operations, Partial Credit Guarantee Schemes, etc. Additionally, the Prime Minister of India also announced the 20 lakh crore Atmanirbhar Bharat package, which had significant rejuvenation measures across various sectors, with a view to boost the economy towards the path of stabilisation and growth. While it is still early days to analyse the impact of these measures, the widespread effect of COVID-19 has left a lasting impact on the entire economy, and it is going to take a fairly long while to bring the economy back on track.

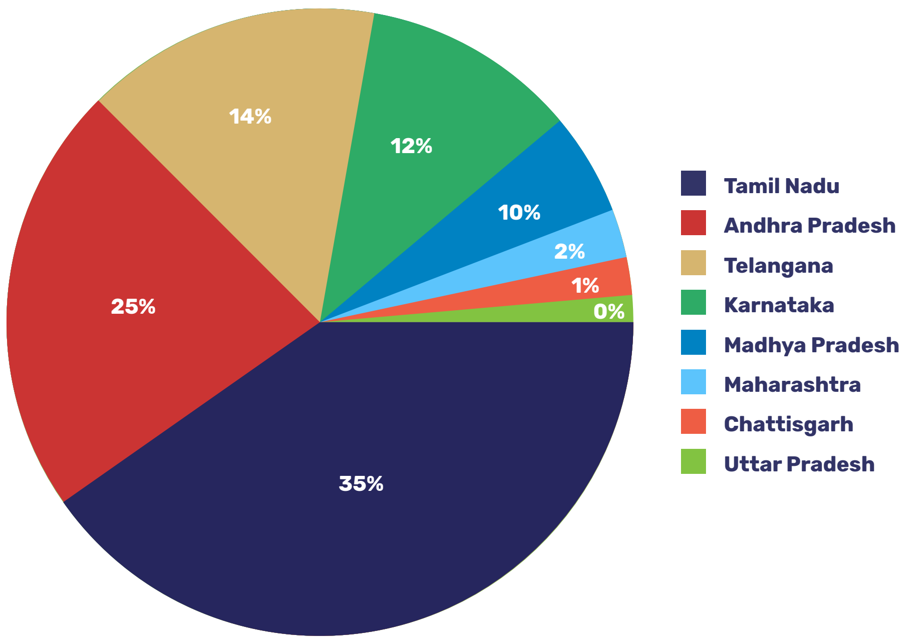
4. Five Star – An overview

Once again, Five Star had an excellent year in FY2020. Though we missed our milestone target of "4040 by 2020" by a whisker, the significant achievements of the company during the year deserve mention. The company clocked a full year portfolio growth of over 84%, while the profits grew by over 67% for the year.

As has been the norm, the company achieved growth during the current year by onboarding new borrowers across geographies. The borrower count almost doubled from about 73,000 in FY 2019 to over 140,000 in FY 2020. This is a clear indication of the company spreading its risk across a much larger base of borrowers, which is also a very efficient risk containment and mitigation measure.

During the year, the state of Madhya Pradesh witnessed significant branch growth from 7 in FY 2019 to 26 in FY 2020. Madhya Pradesh is slated to be our launchpad to enhance our presence in the central and northern regions of our country.

The overall branch count increased from 173 in FY 2019 to 252 in FY 2020 registering a growth of about 46%. The state-wise split of branches as at March 2020 is given below.



As can be seen from the graph, Five Star continues to diversify geographically, thereby mitigating the risk of concentrated portfolio in a particular geography.

The trait of the company growing its portfolio by increasing its borrower base rather than by increasing the ticket size was adhered to without compromise even during the current financial year. As already stated, the borrower base of the company almost doubled from ~ 73,000 in FY 2019 to more than 140,000 in FY 2020. This translates to an average loan outstanding of less than 2.75 lakhs per borrower, which has remained fairly range bound over the last many years.

Five Star always prides upon its focus on collections which is imparted as the most important facet to every employee of the company. Every branch staff of the company is sensitised to treat collections more importantly than business. The incentive structure of the company is a combination of achieving business and collections targets and non-achievement of collections targets renders the staff ineligible for incentives.

During the year under discussion, the company achieved some of the best portfolio quality metrics amongst players operating in this borrower segment. Though the year-end numbers are skewed on the higher side viz. Stage 3 assets of 1.37% as at March 31, 2020, due to the impact of the pandemic, it still cannot take away the strength in the company's portfolio quality. For the period ended December 31, 2019, the company's Stage 3 assets (erstwhile Non-performing assets) ratio was a paltry 0.75%. Had the pandemic not hit in March 2020, Five Star would most certainly have bettered its Dec 2019 portfolio quality.

5. Operational & Financial Metrics

5.1. Branches:

The Company enhanced its branch network from 173 in FY2019 to 252 in FY2020. As is the practice every year, seed branches were put up in newer states this year as well. The Company opened 3 branches in Chhattisgarh and 1 branch in Uttar Pradesh and these branches will be closely monitored so that they can form the base upon which the branch presence in these states can be expanded.

5.2. Portfolio growth:

Five Star's Consolidated AUM increased from INR 2,113 Cr in FY2019 to INR 3,892 Cr in FY2019[2], which translates to a growth of about 84% for the year.

5.3. Loan disbursals:

During the year, the company disbursed an amount of about INR 2,409 crores as against INR 1,482 Crores in the previous year.

5.4. Asset quality:

For the financial year ended 31st March 2019, the company achieved a 90+ DPD of 1.37%, as against a 90+ DPD in the previous[1] year of 0.88%. As already stated, the increase in 90+ DPD was a direct result of the lockdown imposed across the country in the last week to 10 days of March 2020, due to which collections effort was significantly impacted.

5.5. Capitalisation:

The Company also raised a follow-on round of equity capital amounting to INR 315 Crores during the financial year, which, along with the strong internal accrual, spruced up the net worth of the company to about INR 1,945 Crores as at 31st March 2020.

5.6. Profitability:

Despite the impact of the pandemic and the additional provisions that the Company absorbed on its P&L, the company managed a robust profitability of INR 261 Crores in FY2020 as against INR 156 Crores in FY2019.

Some of the operational and financial highlights are given below.

Parameter	FY 2020	FY 2019	Growth
Assets under Management (INR Cr)	3,892.23	2,112.81	84%
Amount disbursed (INR Cr)	2,408.67	1,481.46	63%
Branches (#)	252	173	46%
Number of accounts	143,079	72,890	96%
Number of employees	3,734	1,971	89%
Total comprehensive income	260.84	156.28	67%

6. Key Performance Updates

6.1. Fresh Capital infusion:

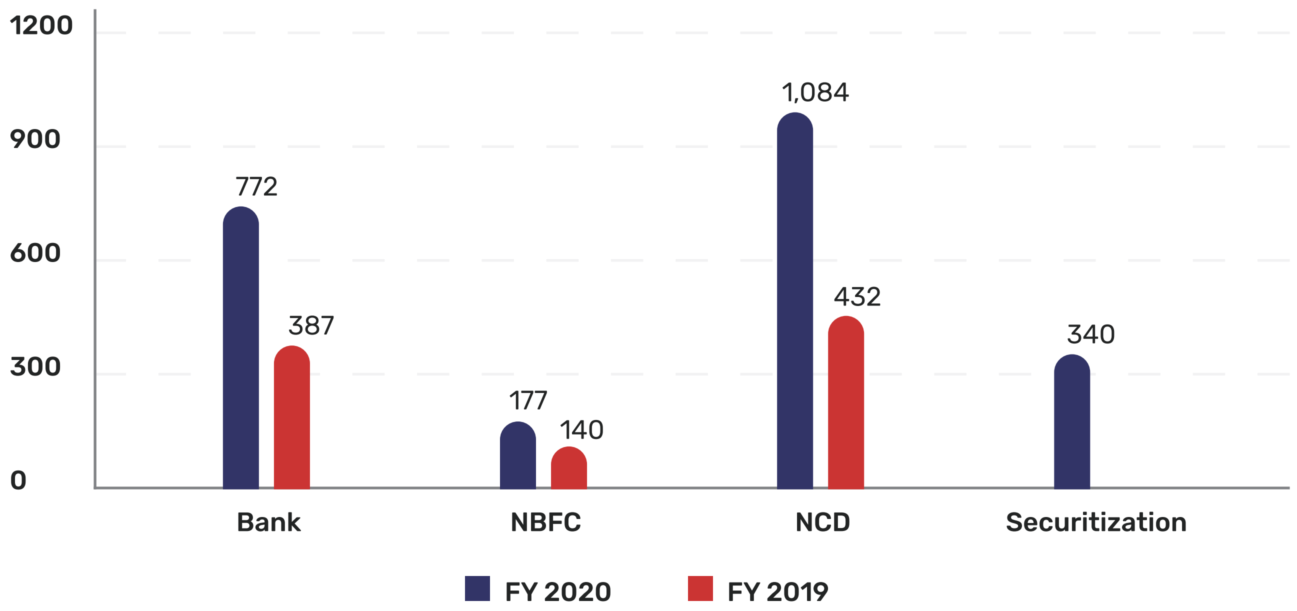
During the financial year ended 31st March 2020, the company received a follow-on round of equity infusion amounting to INR 315 Crores from TPG Capital, who had also invested significant moneys into the company in FY 2019.

6.2. Expanding debt funding:

The Company managed to raise good quantum of funds despite trying liquidity conditions. From a borrowing outstanding of INR 955 Crores in FY 2019, the company ended FY 2020 with a borrowing outstanding of INR 2,372 Crores which will augur well from a shareholder return perspective. The Company added about 9-10 new lenders across categories viz. PSU, private banks, and NBFC which shows the confidence lenders have in the company. Five Star also received debt through the NCD route of a large quantum of INR 125 Crores from responsAbility, the Switzerland headquarted development finance organization (DFI). Despite the increase in outstanding borrowings, the company also kept the leverage at a low level, which is a significant confidence building measure from the lenders' perspective.

The Company also increased the outstanding across lender categories like Banks, NBFCs, NCDs. The company also embarked on Securitization transactions during the year. 4 transactions with an outstanding as at 31st March 2020 of 340 crores were consummated during the year.

[2]AUM is without netting off the ECL



6.3. Leverage:
The company had a very healthy leverage for the period ended March 31, 2020 at 1.21x, on account of robust internal accruals and the follow-on equity infusion.

6.4. Enhanced Rating:
Despite the significant downturns in the economy especially the financial services industry, the company managed to retain its rating of A Stable from both ICRA and CARE Ratings.

6.5. Asset-Liability Management:
The Company has a conservative ALM policy, which defines a minimum liquid balance to be maintained on a monthly basis which will effectively take care of all obligations and other fund requirements over the next 3 months. This is strictly maintained despite the negative carry that it may entail. Also, the company follows 2 other tenets to have an effective ALM – not using short term liabilities to fund long term assets, and using the put / call option dates as the maturity date for ALM workings. This ensures that the company is adequately prepared to meet any contingencies in the future.

6.6. Human Resources:
Among the four factors of production i.e. Land, Labour, Capital and Organization, labour or people occupy the most important part. With the right set of people, the other factors of production can be put to the most optimal use. Five Star lays significant importance on hiring the right resources, placement, induction and training which will lead to the growth of the employees in the long run.

Due to this focus, in the last 30 months since Sep 2017 and especially during the 3 months since the hit of pandemic, Five Star was able to witness the strength of its people being one of the most important factors that has contributed to the overall success of the organisation. This is also the reason why this year's report is dedicated to the company's entire workforce, not just to their individual efforts, but to their ability to achieve extraordinary results as a team. For, as they say, **T**ogether **E**veryone **A**chieves **M**ore is what teamwork is all about. And our journey over the last 30 months has exemplified this in every respect.

During the year, the company recruited 2,604 employees which took the total staff strength to 3,734 as against a headcount of 1,971 as at March 2019, representing a growth of close to 90%. The attrition was maintained at low levels through provision of adequate employee benefits, opportunities for growth and keeping the motivation of the employees at high levels.

The Management team continues to remain intact without any attrition. This team is responsible for laying down the strategies and also ensuring that the strategies are properly executed for the benefit of the company. During the year, the company also hired a Chief Treasury Officer along with setting up a Treasury desk at Mumbai, which will serve as a prominent hub of Investor Relations for debt raises in the years to come.

6.7. Technology:

Technology is accorded high level of importance at Five Star. Starting from moving into a completely cloud-based ERP solution in Apr 2017 to building its own applications for better using and analysing the data, the company has come quite some way in leveraging technology for better operational efficiency and risk management.

In order to bring about customer convenience, the Company has also facilitated payment of instalments through digital means like UPI, payment through the company's website, etc. It is proposed to enhance the levels of technology towards enhanced and proactive identification of risks and mitigating them in the best manner possible.

6.8. Risk Management and Audit Framework:

Five Star believes in building a robust risk management and audit framework, which are essential ingredients for ensuring a robust process. During the year, the Company had identified Mr Vishnuram, who was heading the Operations department, to take over as the Chief Risk Officer (CRO), despite the size of the company being lower than the threshold required to have a dedicated Chief Risk Officer. The Chief Risk Officer would be reporting to the reconstituted Risk Management Committee of the Company. The Committee and the CRO would be responsible for understanding the risk elements inherent in the business model, identifying them early and providing for necessary risk mitigation measures.

The Internal Audit framework has also been strengthened by introducing new items in the audit scope, which will be split between the Internal Audit team of the company and also the External Audit team, depending on their area of expertise.

The Company has also been subjected to yearly RBI inspections and there have been no major observations in any of these inspections.

6.9. Internal Financial Controls:

Five Star has an Internal Financial Control system, commensurate to the size and complexity of its business and operations. The control system is designed to provide a high degree of assurance regarding the effectiveness and efficiency of the controls and mitigants to ensure that the operations and processes remain at acceptable levels, as far as possible. Additionally, the company had also engaged an external audit firm to develop a robust Internal Control system and test the same, and the report has been shared with the Statutory Auditors, who have also tested the controls as part of their audit exercise.

For and on behalf of the Board of Directors
D Lakshmipathy
Chairman & Managing Director
DIN: 01723269

Chennai
10 June2020

Annexure - J

PARTICULARS OF EMPLOYEES

Disclosure pursuant to Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

(i) & (ii) Ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year 2019-20 & the percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year 2019-20:

Name of the Director	Title	% increase of remuneration in FY 2019 - 20 as Compared to FY 2018 - 19	Ratio of remuneration to Median Remuneration of Employees
D Lakshmipathy	Chairman & Managing Director	46	-
A Ramanathan*	Independent Director	33.33	1.64
R Anand*	Independent Director	33.33	1.64
Bhama Krishnamurthy*	Independent Director	33.33	1.64
B Haribabu*	Independent Director	33.33	1.64
L R Raviprasad*	Non-Executive Director	33.33	1.64
Vasan Thirulokchand*	Non-Executive Director	33.33	1.64

** Excluding sitting fees*

Name of the KMP	Designation	% increase of remuneration in FY 2019 - 20 as Compared to FY 2018 - 19
K Rangarajan*	Chief Executive Officer	25
G Srikanth*	Chief Financial Officer	22
B Shalini	Company Secretary	51

**Excluding stock options*

(iii) The percentage increase/(decrease) in the median remuneration of employees in the financial year 2019-20: (2.71%) as compared to the financial year 2018 -19.

(iv) The number of permanent employees on the rolls of the Company as of 31st March, 2020 and 31st March, 2019, was 3,734 and 1,936 respectively.

(v) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:
The average percentile increase in salaries of employees including managerial personnel for the financial year 2019 -20 was 16.3%.

(vi) Affirmation that the remuneration is as per the remuneration policy of the company:
The Company affirms that remuneration is as per the Director's Appointment, Remuneration & Evaluation policy adopted by the Company for Directors, Key Managerial Personnel and other Employees.

S. No	Name	Designation	Remuneration	Nature of Employment	Qualification and Experience	Date of commencement	Age	Last Employment	% of equity shares held*
1.	D Lakshmipathy	Chairman & Managing Director	503.51	Full time	**B.Tech -** About 2 decades of experience in financial services industry	01-06-2012	46	NA	13.68
2.	K Rangarajan	Chief Executive Officier	187.75	Full time	**MBA & PGP -** About 15 years years of experience across banking, private equity and advisory.	06-08-2015	40	Spark Capital	NA
3.	G Srikanth	Chief Financial Officier	104.69	Full time	**MBA -** About 15 years across multiple functions like business planning, securitisation, structuring, treasury and operations.	12-10-2015	40	Asirvad Microfinance	NA
4.	J Vishnuram#	Chief Risk Officier	62.63	Full time	**MBA -** About 15 years of Experience in banking professional	15-03-2017	40	Deutsche Bank	NA
5.	S Parthasarathy#	Chief Credit Officer	57.71	Full time	**CA -** About 15 years of Experience in banking professional in credit and risk functions	03-01-2018	39	DBS	NA
6.	T Sathya Ganesh#	Head -Business & Collection	46.76	Full time	**MBA -** About 18+ years of experience in banks and NBFCs.	19-12-2016	42	Shriram Housing	NA

S. No	Name	Designation	Remuneration	Nature of Employment	Qualification and Experience	Date of commencement	Age	Last Employment	% of equity shares held*
7.	S M Seshathri#	Head -Credit	36.81	Full time	**BCom., B.L. -** About 2 decades of experience in the company and has led in the areas of credit management, operations, and risk management	02-01-1996	47	NA	NA
8.	Parthasarathi Asuri#	Head – Internal Audit	33.63	Full time	**CA, CS, ICWA -** About 16 years of experience in banking industry with experience in finance, accounts and taxation.	19-10-2018	40	F L Smidth Pvt Ltd	NA
9.	Mahesh Gourishetty#	Head – HR	31.96	Full time	**PGDM -** About 15 years of experience in various organisations in the field of HR and in leading entire lifecycle of human capital management	02-04-2018	40	Sterlite Power	NA
10.	S Prashanth#	Head - Treasury	31.93	Full time	**MBA -** About 16 years' of cross functional experience across industry and advisory	02-05-2017	40	2M Management Services	NA

None of the aforesaid employees are employed on contractual basis and none of them are related to any Director of the Company.

 # - Excluding stock options.

** - % of equity shares held by the employee in the company within the meaning of Rule 5(2)(iii)*

For and on behalf of the Board of Directors
D Lakshmipathy
Chairman & Managing Director
DIN: 01723269

Chennai
10 June2020

FINANCIAL STATEMENTS

Auditor’s Report

Independent Auditors’ Report
To the Members of Five-Star Business Finance Limited
Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Five-Star Business Finance Limited (“the Company”), which comprise the balance sheet as at 31 March 2020, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as “the financial statements”).

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 (“Act”) in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2020, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

Emphasis of matter

As described in Note 51 to the financial statements, the extent to which the COVID - 19 pandemic will impact the Company’s financial performance is dependent on future developments, which are highly uncertain.
Our opinion is not modified in respect of this matter

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the matter was addressed in our audit
Impairment of loans – refer note 6 and 51 to the financial statements	
Recognition and measurement of impairment of loans involve significant management judgement	
Under Ind AS 109 - Financial Instruments, credit loss assessment is based on expected credit loss (ECL) model. The Company's impairment allowance is derived from estimates including the historical default, loss ratios etc. Management exercises judgement in determining the quantum of loss based on a range of factors. Further, in relation to COVID-19 pandemic, judgements and assumptions include the extent and duration of the pandemic, the impacts of actions of governments and other authorities, and the responses of businesses and consumers in different industries, along with the associated impact on the economy The determination of impairment loss allowance is inherently judgmental and relies on managements' best estimate due to the following: • Segmentation of loans given to the customer • Criteria selected to identify significant increase in credit risk, particularly in respect of moratorium benefit given to eligible borrowers, as per the Company's board approved policy, read with the RBI COVID 19 regulatory package • Increased level of data inputs for capturing the historical data to calculate the Probability of Default ('PDs') and Loss Given Default ("LGD") and the completeness and accuracy of that data • Use of management overlays, considering the probability weighted scenarios, credit risk of the customers, the forward looking macro-economic factors, economic environment and the timing of cash flows, impact of the pandemic on its customers their ability to repay dues. • Use of management overlays, considering the probability weighted scenarios, the forward looking macro-economic factors, economic environment and the timing of cash flows, impact of the pandemic on the Company's customers and their ability to repay dues and application of regulatory package announced by the Reserve Bank of India on asset classification and provisioning. The underlying forecasts and assumptions used in the estimates of impairment loss allowance are subject to uncertainties which are often outside the control of the Company. The extent to which the COVID-19 pandemic will impact the Company's current estimate of impairment loss allowances is dependent on future developments, which are highly uncertain at this point. The management judgment involved in estimates has significant impact, considering the size of loan portfolio relative to the balance sheet. Therefore, we identified impairment allowance of loans as key audit matter.	In view of the significance of the matter, we applied the following key audit procedures, among others to obtain sufficient appropriate audit evidence: • Evaluation of the appropriateness of the impairment principles based on the requirements of Ind AS 109. • Performed process walkthroughs to identify the controls used in the impairment allowance processes. • Assessed the design and implementation of controls in respect of the Company's impairment allowance process such as the timely recognition of impairment loss, the completeness and accuracy of reports used in the impairment allowance process and management review processes over the calculation of impairment allowance • Obtained understanding of management's processes, and controls implemented in relation to impairment allowance process, particularly in view of providing moratorium as per board approved policy read with RBI COVID-19 regulatory package including management rationale for determination of criteria of significant increase in credit risk. • As at the year end, evaluated whether the methodology applied by the Company is compliant with the requirements of the relevant accounting standards and confirmed that the calculations are performed in accordance with the approved methodology, including checking mathematical accuracy of the workings. • Tested the periods considered for capturing underlying data as base to PD and LGD calculations are in line with Company's recent experience of past observed periods. • Tested the accuracy of the key inputs used in the calculation and independently evaluated the reasonableness of the assumptions made. • Challenged completeness and validity of impairment allowance including the management overlays, particularly in response to COVID 19 with assistance of our financial risk modelling experts by critically evaluating the risks that have been addressed by management. We also tested management's workings supporting the overlay quantum. • Performed test of details, on a sample basis, on underlying data relating to segmentation, management overlays, staging as at 31 March 2020, the key inputs for computation of ECL. • Assessing the factual accuracy and appropriateness of the additional financial statements disclosures made by the Company regarding impact of COVID-19.

Information Other than the Financial Statements and Auditors' Report Thereon

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take necessary actions as required under applicable laws and regulations.

Management's and Board of Director's Responsibility for the Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

•Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

• Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

• Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the financial statements made by the Management and Board of Directors.

• Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

• Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:

a). We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

b). In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books

c). The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account

d). In our opinion, the aforesaid financial statements comply with the Ind AS specified under section 133 of the Act.

e). On the basis of the written representations received from the directors as on 31 March 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act.

f). With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in **"Annexure B"**.

3. With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations as at 31 March 2020 on its financial position in its financial statements - Refer Note 34 to the financial statements;

ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts. The Company does not have any derivative contracts. Refer note 6 and 28 to the financial statements.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

iv. The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2020.

4. With respect to the matter to be included in the Auditors' Report under section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

for B S R & Co. LLP
Chartered Accountants
Firm's Registration No.-101248 W/W-100022

K Raghuram
Partner
Membership No. 211171
UDIN: 20211171AAAABL1046

Chennai
10 June 2020

Annexure A to the Independent Auditors' Report
To the Members of Five-Star Business Finance Limited for the year ended 31 March 2020
(referred to in our report of even date)

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
(b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this programme certain fixed assets were physically verified by the management during the year and as explained to us, no material discrepancies were noticed on such verification.
(c) According to information and explanation given to us and on the basis of our examination of the records of the Company, the tittle deeds of immovable properties are held in the name of the Company.

(ii). According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company is primarily engaged in business of lending activities, accordingly, it does not hold any physical inventories. Thus, paragraph 3(ii) of the Order is not applicable.

(iii). In our opinion and according to the information and explanations given to us, the Company has not granted any loan, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register required under Section 189 of the Act. Accordingly, paragraph 3(iii) of the Order is not applicable.

(iv). In our opinion and according to the information and explanations given to us, the Company has not granted any loans, made investments or provided any guarantee or security to parties which requires compliance under section 185 and 186 of the Act. Accordingly, paragraph 3(iv) of the Order is not applicable.

(v). According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not accepted any deposits from the public within the meaning of the directives issued by the Reserve Bank of India, provisions of Section 73 to 76 of the Act, any other relevant provisions of the Act and the relevant rules framed thereunder. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.

(vi). The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the Company. Accordingly, paragraph 3(vi) of the Order is not applicable.

(vii). (a). According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and services tax, cess and other material statutory dues have generally been deposited regularly during the year by the Company with the appropriate authorities. As explained to us, the Company did not have dues on account of sales tax, service tax, duty of customs, duty of excise and value added tax.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, goods and services tax, cess and other material statutory dues were in arrears as at 31 March 2020 for a period of more than six months from the date they became payable, except as described in Note 34 to the financial statements.

(b). According to the information and explanations given to us, there are no dues of income-tax and goods and services tax which have not been deposited with the appropriate authorities on account of dispute except the following:
(viii). In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to its bankers, or to any financial institutions or to debenture holders. The Company did not have

Name of the statute	Nature of the dues	Amount (In ₹)	Period to which the amount relates	Forum where the dispute is pending
Income-Tax Act, 1961	Income-tax	673,698	2006-2007	Commissioner of Income-tax (Appeals)

any outstanding loans or borrowings to Government during the year

(ix). In our opinion and according to the information and explanations given to us, the Company has not raised any money by way of initial public offer or further public offer (including debt instruments). However, the Company has raised term loans during the year. In our opinion and according to the information and explanations given to us, the term loan taken by the Company have been applied for the purpose for which they were raised.

(x). According to the information and explanations given to us, no material fraud by or on the Company by its officers or employees has been noticed or reported during the course of our audit. Also refer Note 47-Z to the financial statements.

(xi). According to information and explanations given to us and on the basis of our examination of the records of the Company, the Company has paid / provided for managerial remuneration in accordance with the provisions of section 197 read with Schedule V to the Act.

(xii). According to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable

(xiii). In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of the Company, the transactions with the related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 where applicable and the details have been disclosed in the financial statements as required by the relevant accounting standards.

(xiv). According to the information and explanation given to us and on the basis of our examination of the records of the Company, the Company has complied with Section 42 of the Companies Act, 2013 in respect of preferential allotment or private placement of shares during the year and funds has been used for the purposes for which it has been raised. The Company has not issued any fully or partly convertible debentures during the year.

(xv). According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable.

(xvi). According to the information and explanation given to us and on the basis of our examination of the records of the Company, the Company is required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 and it has obtained certificate of registration from Reserve Bank of India.

for B S R & Co. LLP
Chartered Accountants
Firm's Registration No.-101248 W/W-100022

K Raghuram
Partner
Membership No. 211171
UDIN: 20211171AAAABL1046

Chennai
10 June 2020

Annexure B to the Independent Auditors' report on the financial statements of Five Star Business Finance Limited for the year ended 31 March 2020

Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

We have audited the internal financial controls with reference to financial statements of Five Star Business Finance Limited ("the Company") as of 31 March 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Emphasis of Matter

As described in Emphasis of Matter paragraph of our report to the financial statements, the extent to which the COVID-19 pandemic will have impact on the Company's internal financial controls with reference to the financial statements is dependent on future developments, which are highly uncertain.

Our opinion is not modified in respect of the above matter.

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial controls with Reference to Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial controls with Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

for B S R & Co. LLP
Chartered Accountants
Firm's Registration No.-101248 W/W-100022

K Raghuram
Partner
Membership No. 211171
UDIN: 20211171AAAABL1046

Chennai
10 June 2020

Balance Sheet as at March 31, 2020

(All amounts are in Indian Rupees in lakhs, except share data and stated otherwise)

₹ in Lakhs

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
ASSETS			
Financial Assets			
Cash and cash equivalents	4	28,977.95	21,965.73
Bank balances other than cash and cash equivalents	5	16,134.94	6.88
Loans	6	3,83,080.44	2,09,586.40
Other financial assets	7	524.57	285.89
Total		**4,28,717.90**	**2,31,844.90**
Non-financial Assets			
Current tax assets (net)	8	435.46	360.01
Deferred tax assets (net)	36	2,822.96	1,464.46
Investment property	9	3.56	3.56
Property, plant and equipment	11	1,106.09	744.41
Right of use asset	37	1,488.00	-
Other intangible assets	12	192.80	201.80
Other non-financial assets	10	548.62	363.81
Total		**6,597.49**	**3,138.05**
Total Assets		**4,35,315.39**	**2,34,982.95**
LIABILITIES AND EQUITY			
Financial Liabilities			
Payables	13		
Trade payables			
total outstanding dues of micro and small enterprises		-	-
total outstanding dues of creditors other than micro and small enterprises		662.40	292.69
Debt securities	14	1,07,886.42	43,350.77
Borrowings (other than debt securities)	15	1,28,482.89	52,652.18
Other financial liabilities	16	1,568.10	6.88
Total		**2,38,599.81**	**96,302.52**
Non-financial Liabilities			
Current tax liabilities (net)	17	74.80	162.17
Provisions	18	577.61	376.26
Other non-financial liabilities	19	1,605.12	1,629.19
Total		**2,257.53**	**2,167.62**

Equity			
Equity share capital	20	2,558.21	2,389.96
Other equity	21	1,91,899.84	1,34,122.85
Total		**1,94,458.05**	**1,36,512.81**
Total Liabilities and Equity		**4,35,315.39**	**2,34,982.95**

Significant Accounting Policies 2 and 3

See accompanying notes to the financial statements

As per our report of even date
for **B S R & Co. LLP**
Chartered Accountants
Firm's registration number: 101248W/W-100022

For and on behalf of the Board of Directors of
Five-Star Business Finance Limited
CIN : U65991TN1984PLC010844

K Raghuram
Partner
Membership No: 211171

D Lakshmipathy
Chairman & Managing Director
DIN No : 01723269

R Anand
Director
DIN No : 00243485

G Srikanth
Chief Financial Officer

K Rangarajan
Chief Executive Officer

B Shalini
Company Secretary
ACS: A51334

Place : Chennai
Date : June 10, 2020

Statement of Profit and Loss for the year ended March 31, 2020

(All amounts are in Indian Rupees in lakhs, except share data and stated otherwise)

₹ in Lakhs

Particulars	Note No.	Year ended March 31, 2020	Year ended March 31, 2019
Revenue from operations			
Interest income	22	74,682.42	38,973.81
Fee income	23	2,970.84	1,327.05
Net gain on fair value changes	24	1,018.22	589.94
Total revenue from operations		**78,671.48**	**40,890.80**
Other income	25	63.25	1.86
Total Income		**78,734.73**	**40,892.66**
Expenses			
Finance Costs	26	21,693.51	7,592.20
Fees expenses	27	42.52	94.77
Impairment / write off on financial instruments	28	4,934.19	755.18
Employee benefits expenses	29	12,710.78	7,653.44
Depreciation and amortization	30	1,006.85	419.46
Other expenses	31	3,416.83	2,533.27
Total Expenses		**43,804.68**	**19,048.32**
Profit Before Tax		**34,930.05**	**21,844.34**
Tax expense			
Current Tax	32 A	10,056.07	6,977.77
Deferred tax (net)	36	(1,321.06)	(799.16)
Total		**8,735.01**	**6,178.61**
Profit for the year		**26,195.04**	**15,665.73**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Re-measurements of the defined benefit plan		(148.80)	(53.55)
Income tax relating to items that will not be reclassified to profit or loss		37.45	15.49
Net other comprehensive income not to be reclassified subsequently to profit or loss		**(111.35)**	**(38.06)**
Other comprehensive income / (deficit) for the year, net of income tax		**(111.35)**	**(38.06)**
Total comprehensive income		**26,083.69**	**15,627.67**

Earnings per equity share of Rs.10/- each		
- Basic (In Rupees)	103.24	68.92
- Diluted (In Rupees)	100.70	67.39

Significant Accounting Policies 2 and 3

See accompanying notes to the financial statements

As per our report of even date
for **B S R & Co. LLP**
Chartered Accountants
Firm's registration number: 101248W/W-100022

For and on behalf of the Board of Directors of
Five-Star Business Finance Limited
CIN : U65991TN1984PLC010844

K Raghuram
Partner
Membership No: 211171

D Lakshmipathy
Chairman & Managing Director
DIN No : 01723269

R Anand
Director
DIN No : 00243485

G Srikanth
Chief Financial Officer

K Rangarajan
Chief Executive Officer

B Shalini
Company Secretary
ACS: A51334

Place : Chennai
Date : June 10, 2020

Statement of Changes in Equity for the year ended March 31, 2020

(All amounts are in Indian Rupees in lakhs, except share data and stated otherwise)

₹ in Lakhs

Particulars	Number of shares	Amount
A. Equity share capital		
Balance as at April 1, 2018	**1,91,68,854**	**1,916.89**
Change in equity share capital during the year		
Add: Issued during the year	47,30,728	473.07
Balance as at March 31, 2019	**2,38,99,582**	**2,389.96**
Balance as at April 1, 2019	**2,38,99,582**	**2,389.96**
Change in equity share capital during the year		
Add: Issued during the year	32,28,309	168.25
Balance as at March 31, 2020	**2,71,27,891**	**2,558.21**

B. Other Equity

	Reserves and surplus					Other comprehensive income	
	Statutory reserve	Securities premium	Employee stock option reserve	General reserve	Retained earnings	Re-measurements of defined benefit plan	
As at April 1, 2018	**2,489.60**	**46,256.73**	**327.52**	**719.60**	**7,481.78**	**-**	**57,275.23**
Premium received on shares issued during the year	-	61,558.73	-	-	-	-	**61,558.73**
Utilised during the year for share issue expenses	-	(501.53)	-	-	-	-	**(501.53)**
Total comprehensive income for the year	-	-	-	-	15,665.73	(38.06)	**15,627.67**
Transfer to statutory reserve	3,133.21	-	-	-	(3,133.21)	-	**-**
Transfer to retained earnings	-	-	-	-	(38.06)	38.06	**-**
Share based payment expense	-	-	267.83	-	-	-	**267.83**
Utilised on issue	-	-	(105.08)	-	-	-	**(105.08)**
As at March 31, 2019	**5,622.81**	**1,07,313.93**	**490.27**	**719.60**	**19,976.24**	**-**	**1,34,122.85**
As at April 1, 2019	**5,622.81**	**1,07,313.93**	**490.27**	**719.60**	**19,976.24**	**-**	1,34,122.8
Premium received on shares issued during the year	-	31,755.27	-	-	-	-	**31,755.27**
Total comprehensive income for the year	-	-	-	-	26,195.04	(111.35)	**(26,083.69)**
Transfer to statutory reserve	5,239.01	-	-	-	(5,239.01)	-	**-**
Transfer to retained earnings	-	-	-	-	(111.35)	111.35	**-**
Share based payment expense	-	-	168.03	-	-	-	**168.03**
Utilised on issue	-	-	(230.00)	-	-	-	**(230.00)**
As at March 31, 2020	**10,861.82**	**1,39,069.20**	**428.30**	**719.60**	**40,820.92**	**-**	**1,91,899.84**

See accompanying notes to the financial statements

As per our report of even date
for **B S R & Co. LLP**
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For and on behalf of the Board of Directors of
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DIN No : 01723269

R Anand
Director
DIN No : 00243485

Place : Chennai
Date : June 10, 2020

G Srikanth
Chief Financial Officer

K Rangarajan
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Cash Flow Statement for the Year ended March 31, 2020

(All amounts are in Indian Rupees in lakhs, except share data and stated otherwise)

₹ in Lakhs

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
A. Cash Flow from Operating Activities		
Net Profit Before Tax	**34,930.05**	**21,844.34**
Adjustments for:		
Depreciation and amortization	1,006.85	419.46
Provision for impairment on financial instruments and write-offs	4,934.19	755.18
Loss on sale/retirement of property, plant and equipment (net)	0.75	0.93
Profit on sale of current investments (net)	(1,018.22)	(589.94)
Interest income on deposits with banks / others	(2,886.62)	(1,352.38)
Interest on loans	(71,795.80)	(37,621.43)
Finance costs	21,693.51	7,592.73
Gain recognised on derecognition of leases	(6.60)	-
Employee stock option expenses	168.03	267.83
Operating cash flow before working capital changes	**(12,973.86)**	**(8,683.28)**
Changes in Working Capital:		
Adjustments for (increase) / decrease in operating assets:		
Loans	(1,76,889.78)	(1,09,063.49)
Other non- financial assets	(182.64)	(93.94)
Other financial assets	(238.68)	(82.16)
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables	369.71	66.37
Other financial liabilities	5.89	(1.09)
Provision	52.56	148.15
Other non financial liabilities	33.68	1,156.54
Net cash (used in) operations	**(1,89,823.12)**	**(1,16,552.90)**
Finance cost paid	(22,543.27)	(7,715.55)
Interest income received	70,257.31	35,966.16
Direct taxes paid (net)	(10,218.89)	(6,810.55)
Net Cash Used in Operating Activities (A)	**(1,52,327.97)**	**(95,112.84)**
B. Cash Flow from Investing Activities		
Purchase of fixed assets	(970.97)	(585.13)
Proceeds from sale of fixed assets	0.78	15.30
Profit on sale of current investments	1,018.22	589.94
Interest income on deposits with banks / others	2,662.85	1,400.32
Movement in bank balances other than cash and cash equivalent	(15,904.28)	1.09
Net Cash used in Investing Activities (B)	**(13,193.40)**	**1,421.52**
C. Cash Flow from Financing Activities		
Proceeds from issue of equity shares	168.25	473.07
Proceeds from securities premium (net off utilisation)	31,525.28	61,453.65
Expenses towards issue of shares	-	(501.53)
Fresh borrowings during the year	1,78,166.33	63,640.00
Repayments of borrowings (including process fee)	(36,950.21)	(22,546.08)
Payment towards leases (excluding interest)	(376.06)	-
Net Cash inflow from Financing Activities (C)	**1,72,533.59**	**1,02,519.11**

₹ in Lakhs

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Net Increase in Cash and Cash Equivalents (A) + (B) + (C)	**7,012.22**	**8,827.79**
Cash and Cash Equivalents at the beginning of the Year	**21,965.73**	**13,137.94**
Cash and Cash Equivalents at the end of the year	**28,977.95**	**21,965.73**

Notes to cash flow statement

1. Cash and cash equivalents		
Cash on hand	57.75	345.07
Balances with banks		
(i) In current accounts	13,050.95	20,596.29
(ii) In other deposit accounts (original maturity less than 3 months)	15,869.25	1,024.37
Total	**28,977.95**	**21,965.73**

2. Change in liabilities arising from financing activities

Particulars	Debt Securities	Borrowings (other than debt securities)
As at March 31, 2018	**19,316.32**	**35,283.42**
Cash flows (net)	24,127.10	17,471.69
Others*	(92.65)	(102.93)
As at March 31, 2019	**43,350.77**	**52,652.18**
Cash flows (net)	65,534.66	76,519.77
Others*	(999.01)	(689.06)
As at March 31, 2020	**1,07,886.42**	**1,28,482.89**

* Others column includes the effect of amortization of processing fees etc.

Significant Accounting Policies 2 and 3

See accompanying notes to the financial statements

As per our report of even date
for **B S R & Co. LLP**
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Firm's registration number: 101248W/W-100022

For and on behalf of the Board of Directors of
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Company Secretary
ACS: A51334

Place : Chennai
Date : June 10, 2020

Notes forming part of the financial statements for the year ended March 31, 2020

(All amounts are in Indian Rupees in lakhs, except share data and stated otherwise)

1. Reporting entity

Five-Star Business Finance Limited ("the Company"), is a public limited company domiciled in India, and incorporated under the provisions of Companies Act 1956. The Company is a systemically important non-deposit taking Non-Banking Finance Company (NBFC). The Company has received the Certificate of Registration dated June 9, 2016 in lieu of Certificate of Registration dated December 3, 2002 from the Reserve Bank of India ("RBI") to carry on the business of Non Banking Financial Institution without accepting public deposits ("NBFC-ND"). The Company is primarily engaged in providing small business loans and loans for house renovations / extensions.

2. Basis of preparation

2.1. Statement of compliance

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013, (the 'Act') as amended from time to time and other relevant provisions of the Act. Any directions issued by the RBI or other regulators are implemented as and when they become applicable.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to the existing accounting standard requires a change in the accounting policy hitherto in use.

These financial statements were authorised for issue by the Company's Board of Directors on June 10, 2020.

Details of the Company's accounting policies are disclosed in note 3."

2.2. Presentation of financial statements

The Balance Sheet, the Statement of Profit and Loss, Statement of Changes in Equity, are presented in the format prescribed under Division III of Schedule III as amended from time to time, for Non Banking Financial Companies ('NBFC') that are required to comply with Ind AS. The statement of cash flows has been presented as per the requirements of Ind AS 7 Statement of Cash Flows.

The Company presents its balance sheet in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date(current) and more than 12 months after the reporting date(Non-current) is presented separately. Financial assets and financial liabilities are generally reported gross in the balance sheet. They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event, the parties also intend to settle on a net basis.

2.3. Functional and presentation currency

These financial statements are presented in Indian Rupees (INR), which is also the Company's functional currency. All amounts have been rounded-off to the nearest lakhs (upto two decimals), unless otherwise indicated.

2.4. Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items:

Items	Measurement basis
Financial assets and liabilities	Fair value /Amortised cost, as applicable
Liabilities for equity-settled share-based payment arrangements	Fair value
Net defined benefit (asset)/ liability	Fair value of plan assets less present value of defined benefit obligations.

2.5. Use of estimates and judgements

The preparation of the financial statements in conformity with Ind AS requires management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which such changes are made and, if material, their effects are disclosed in the notes to the financial statements.

Estimation of uncertainties relating to the global health pandemic from novel coronavirus 2019 (""COVID 19""):
The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of loans. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company has exercised judgement, as at the date of approval of these financial statements based on internal and external sources of information including economic forecasts. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these financial statements.

Information about judgements, estimates and assumptions made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements are included in the following notes:

i). Business model assessment
Classification and measurement of financial assets depends on the results of business model and the solely payments of principal and interest ("SPPI") test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets are evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets measured at amortised cost or fair value through other comprehensive income (FVOCI) that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company’s continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

ii). Fair value of financial instruments
The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values.

iii). Effective Interest Rate ("EIR") method
The Company’s EIR methodology, as explained in Note 3.1(A), recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioral life of loans given / taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges).

This estimation, by nature, requires an element of judgement regarding the expected behavior and life-cycle of the instruments, as well as expected changes to interest rates and other fee income/ expense that are integral parts of the instrument.

iv). Impairment of financial asset

The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Company's expected credit loss ("ECL") calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include :

a) The Company's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a life time expected credit loss ("LTECL") basis.

b) Development of ECL models, including the various formulae and the choice of inputs.

c) Determination of associations between macroeconomic scenarios and economic inputs, such as gross domestic products, lending interest rates and collateral values, and the effect on probability of default ("PD"), exposure at default ("EAD") and loss given default ("LGD").

d) Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into ECL models.

v). Provisions and other contingent liabilities

The Company operates in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent to its operations. As a result, it is involved in various litigation, arbitration and regulatory investigations and proceedings in the ordinary course of the Company's business.

When the Company can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows to be probable, the Company records a provision against the case. Where the outflow is considered to be probable, but a reliable estimate cannot be made, a contingent liability is disclosed.

Given the subjectivity and uncertainty of determining the probability and amount of losses, the Company takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents. Significant judgement is required to conclude on these estimates.

These estimates and judgements are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances. Management believes that the estimates used in preparation of the financial statements are prudent and reasonable.

vi). Leases

The estimates and judgements related to leases include:
a) The determination of lease term for some lease contracts in which the Company is a lessee, including whether the Company is reasonably certain to exercise lessee options.
b) 'The determination of the incremental borrowing rate used to measure lease liabilities.

vii). Other assumptions and estimation uncertainities

Information about critical judgements in applying accounting policies, as well as estimates and assumptions that have the most significant effect to the carrying amounts of assets and liabilities within the next financial year are included in the following notes:
(i). Measurement of defined benefit obligations: key actuarial assumptions;
(ii). Estimated useful life of property, plant and equipment and intangible assets;
(iii). Recognition of deferred taxes.

3. Significant accounting policies

3.1. Revenue Recognition

Revenue (other than for those items to which Ind AS 109 Financial Instruments are applicable) is measured at fair value of the consideration received or receivable. Ind AS 115 Revenue from contracts with customers outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue recognition guidance found within Ind ASs.

The Company recognises revenue from contracts with customers based on a five step model as set out in Ind AS 115 :

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.
Step 5: Recognise revenue when (or as) the Company satisfies a performance obligation.

A. Effective Interest Rate ('EIR') Method

Under Ind AS 109, interest income is recorded using the effective interest rate method for all financial instruments measured at amortised cost. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

The EIR (and therefore, the amortised cost of the asset) is calculated by taking into account any fees and costs that are an integral part of the EIR. The Company recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the financial instrument.

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk, the adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the balance sheet with an increase or reduction in interest income. The adjustment is subsequently amortised through Interest income in the statement of profit and loss.

The Company calculates interest income by applying EIR to the gross carrying amount of financial assets.

When a financial asset becomes credit impaired and is, therefore, regarded as 'stage 3', the Company continues to calculate interest income on the gross carrying amount of the financial asset.

B. Dividend income

Dividend income is recognised when the Company’s right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably. This is generally when the shareholders approve the dividend.

C. Other interest income

Other interest income is recognised on a time proportionate basis.

D. Fee income

Fees income such as legal inspection charges, cheque bounce charges are recognised on point in time basis.

E. Others

Penal interest and other operating income are recognized as income upon certainty of receipt.

Profit / loss on sale of investments is recognised at the time of sale or redemption and is computed based on First in First out method.

All other income is recognized on an accrual basis, when there is no uncertainty in the ultimate realisation / collection.

3.2. Financial instrument - initial recognition

A. Date of recognition

Debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

B. Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value, except in the case of financial assets and financial liabilities recorded at FVTPL, transaction costs are added to, or subtracted from this amount.

C. Measurement categories of financial assets and liabilities

The Company classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

(i). Amortised cost

(ii). FVOCI

(iii). FVTPL

3.3. Financial assets and liabilities

A. Financial assets

Business model assessment

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

a) How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Company's key management personnel.

b) The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed.

c) How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

d) The expected frequency, value and timing of sales are also important aspects of the Company's assessment.

SPPI test

As a second step of its classification process, the Company assesses the contractual terms of financial assets to identify whether they meet SPPI test.

Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of financial asset (for example, if there are repayments of principal or amortisation of the premium/ discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Company applies judgement and considers relevant factors such as the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than the minimum exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

Accordingly, financial assets are measured as follows based on the existing business model:

i). Financial assets carried at amortised cost (AC)
A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

ii). Financial assets at fair value through profit or loss (FVTPL)
A financial asset which is not classified in any of the above categories are measured at FVTPL.

3.3. Financial assets and liabilities

B. Financial liabilities

i). Initial recognition and measurement
All financial liabilities are initially recognized at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial liability, which are not at fair value through profit or loss, are adjusted to the fair value on initial recognition.

ii). Subsequent measurement
Financial liabilities are carried at amortized cost using the effective interest method.

3.4. Reclassification of financial assets and liabilities
The Company does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified. The Company did not reclassify any of its significant financial assets or liabilities in the year ended March 31, 2020 and March 31, 2019.

3.5. Derecognition of financial assets and liabilities

A. Derecognition of financial assets due to substantial modification of terms and conditions
The Company derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognised loans are classified as Stage 1 for ECL measurement purposes.

B. Derecognition of financial assets other than due to substantial modification

i). Financial Assets
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the contractual rights to the cash flows from the financial asset expires or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in the statement of profit and loss.

ii). Financial Liability
A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in the statement of profit and loss.

3.6. Impairment of financial assets

A. Overview of ECL principles

In accordance with Ind AS 109, the Company uses ECL model, for evaluating impairment of financial assets other than those measured at fair value through profit and loss (FVTPL). When estimating LTECLs for undrawn loan commitments, the Company estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down.

Expected credit losses are measured through a loss allowance at an amount equal to:

(i). The 12-months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or

(ii). Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument)

(iii). Both LTECLs and 12 months ECLs are calculated on collective basis.

Based on the above, the Company catagorises its loans into Stage 1, Stage 2 and Stage 3, as described below:

Stage 1:

When loans are first recognised, the Company recognises an allowance based on 12 months ECL. Stage 1 loans includes those loans where there is no significant credit risk observed and also includes facilities where the credit risk has been improved and the loan has been reclassified from stage 2 or stage 3.

Stage 2:

When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the life time ECL. Stage 2 loans also includes facilities where the credit risk has improved and the loan has been reclassified from stage 3.

Stage 3:

Loans considered credit impaired are the loans which are past due for more than 90 days. The Company records an allowance for life time ECL.

B. Calculation of ECLs

The mechanics of ECL calculations are outlined below and the key elements are, as follows:

PD:

Probability of Default ("PD") is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

EAD:

Exposure at Default ("EAD") is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest.

LGD:

Loss Given Default ("LGD") is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD. The Company has calculated PD, EAD and LGD to determine impairment loss on the portfolio of loans and discounted at an approximation to the EIR. At every reporting date, the above calculated PDs, EAD and LGDs are reviewed and changes in the forward looking estimates are analysed.

The mechanics of the ECL method are summarised below:

Stage 1:

The 12 months ECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Company calculates the 12 months ECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-months default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR.

Stage 2:
When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECLs. The mechanics are similar to those explained above, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

Stage 3:
For loans considered credit-impaired, the Company recognises the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.

C. Forward looking information
In its ECL models, the Company relies on a broad range of forward looking macro parameters and estimated the impact on the default at a given point of time. (Also Refer Note No: 51)

3.7. Write-offs
Financial assets are written off when the Company has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to impairment on financial instruments in the statement of profit and loss.

3.8. Determination of fair value
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company has taken into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 financial instruments: Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Company has access to at the measurement date. The Company considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date;

Level 2 financial instruments: Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument’s life. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads; and

Level 3 financial instruments –Those that include one or more unobservable input that is significant to the measurement as whole.

3.9. Foreign currency transactions
"Transactions in foreign currencies are translated into the functional currency of the Company, at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Exchange differences are recognized in profit or loss.

3.10. Property, plant and equipment

i. Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

ii. Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

iii. Depreciation

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives using the written down value method, and is generally recognised in the statement of profit and loss.

The Company follows estimated useful lives which are given under Part C of the Schedule II of the Companies Act, 2013. The estimated useful lives of items of property, plant and equipment for the current and comparative periods are as follows:

Asset category	Estimated Useful life
Vehicles	8 years
Furniture and fittings	10 years
Office equipment	5 years
Computers and accessories	3 years
Servers	6 years

Leasehold improvements are depreciated over the remaining period of lease or estimated useful life of the assets, whichever is lower. Depreciation on additions (disposals) is provided on a pro-rata basis i.e. from (upto) the date on which asset is ready for use (disposed of).

3.11. Intangible assets

i. Intangible assets

Intangible assets including those acquired by the Company are initially measured at cost. Such intangible assets are subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

ii. Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

iii. Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values over their estimated useful lives using the written down value method, and is included in depreciation and amortisation in Statement of Profit and Loss.

Asset category	Estimated Useful life
Computer softwares	5 years

Amortisation method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.

Impairment of non-financial assets

The Company determines periodically whether there is any indication of impairment of the carrying amount of its non-financial assets. The recoverable amount (higher of net selling price and value in use) is determined for an individual asset, unless the asset does not generate cash inflow that are largely independent of those from other assets or group of assets. The recoverable amounts of such asset are estimated, if any indication exists and impairment loss is recognized wherever the carrying amount of the asset exceeds its recoverable amount. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

3.12. Employee benefits

i. Post-employment benefits

Defined contribution plan

The Company's contribution to provident fund is considered as defined contribution plan and are charged as an expense as they fall due based on the amount of contribution required to be made and when the services are rendered by the employees.

Defined benefit plans

Gratuity

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan (‘the asset ceiling’),if any. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses and the effect of the asset ceiling (if any, excluding interest), are recognised in OCI. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service (‘past service cost’ or ‘past service gain’) or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

ii. Other long-term employee benefits

Compensated absences

The employees can carry forward a portion of the unutilised accrued compensated absences and utilise it in future service periods or receive cash compensation on termination of employment. Since the compensated absences do not fall due wholly within twelve months after the end of such period, the benefit is classified as a long-term employee benefit. The Company records an obligation for such compensated absences in the period in which the employee renders the services that increase this entitlement. The obligation is measured on the basis of independent actuarial valuation using the projected unit credit method.

iii. Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognized during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the year in which the employee renders the related service. The cost of such compensated absences is accounted as under :

(a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and

(b) in case of non-accumulating compensated absences, when the absences occur.

iv. Stock based compensation

The grant date fair value of equity settled share based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as expense is based on the estimate of the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market vesting conditions at the vesting date.

3.13. Provisions, contingent liabilities and contingent assets

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. When the effect of the time value of money is material, the Company determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

Contingent liability

A possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or; present obligation that arises from past events where it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability are disclosed as contingent liability and not provided for.

Contingent asset

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non- occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are neither recognised not disclosed in the financial statements.

3.14. Leases

Effective April 1, 2019, the Company has adopted Ind-AS 116 - Leases and applied it to all lease contracts existing on 01 April 2019 using the modified retrospective method. Based on the same and as permitted under the specific transitional provisions in the standard, the Company is not required to restate the comparative figures.

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less.

The following policies apply subsequent to the date of initial application, April 1, 2019.

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term.The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable and amounts expected to be paid under residual value guarantees.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

The Company recognises right-of-use assets at the commencement date of the lease (i.e.the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Company determines the lease term as the initial period agreed in the lease agreement , together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the initial period agreed in the lease agreement.

3.15. Income tax

Income tax comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income.

i. Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

ii. Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits. Deferred tax is not recognised for temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction; temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets – unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

3.16. Borrowing cost

Borrowing costs are interest and other costs incurred in connection with the borrowings of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalized as part of the cost of the asset. Other borrowings costs are recognized as an expense in the statement of profit and loss account on an accrual basis using the effective interest method.

3.17. Cash and cash equivalents

Cash and cash equivalents comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

3.18. Segment reporting- Identification of segments:

An operating segment is a component of the Company that engages in business activities from which it many earn revenues and incur expenses, whose operating results are regularly reviewed by the Company's Chief Operating Decision Maker (CODM) to make decisions for which discrete financial information is available. Based on the management approach as defined in Ind AS 108, the CODM evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by business segements and geographic segments.

3.19. Earnings per share

The Company reports basic and diluted earnings per equity share in accordance with Ind AS 33, Earnings Per Share. Basic earnings per equity share is computed by dividing net profit / loss after tax attributable to the equity share holders for the year by the weighted average number of equity shares outstanding during the year. Diluted earnings per equity share is computed and disclosed by dividing the net profit/ loss after tax attributable to the equity share holders for the year after giving impact of dilutive potential equity shares for the year by the weighted average number of equity shares and dilutive potential equity shares outstanding during the year, except where the results are anti-dilutive.

3.20. Cash flow statement

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non–cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, financing and investing activities of the Company are segregated. Cash flows in foreign currencies are accounted at the actual rates of exchange prevailing at the dates of the transactions.

3.21. Standard Issued But Not Yet Effective

There are neither new standards nor amendments to existing standards which are effective for the annual period beginning from April 1, 2020.

Notes forming part of the standalone financial statements for the year ended March 31, 2020

(All amounts are in Indian Rupees in lakhs, except share data and stated otherwise)

₹ in Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
4. Cash and cash equivalents		
Cash on hand	57.75	345.07
Balances with banks		
(i) In current accounts	13,050.95	20,596.29
(ii) In other deposit accounts		
(original maturity less than 3 months)	15,869.25	1,024.37
Total	**28,977.95**	**21,965.73**
5. Bank Balances other than cash and cash equivalents		
Fixed deposit with bank	16,129.41	-
In earmarked accounts		
Unclaimed Dividend account	5.53	6.88
Total	**16,134.94**	**6.88**

Note:

Fixed deposits amounting to INR 2,405.63 lakhs (March 31,2019: Nil) have been provided as credit enhancememt for securitisation transactions.

Particulars	As at March 31, 2020	As at March 31, 2019
6. Loans (At amotised cost)		
A. Based on nature		
Term Loans		
Gross term loans	**3,89,222.85**	**2,11,280.67**
Less: Impairment loss allowance	6,142.41	1,694.27
Net term loans	**3,83,080.44**	**2,09,586.40**
B. Based on security		
Secured by tangible assets	3,89,222.85	2,11,280.67
Unsecured	-	-
Gross term loans	**3,89,222.85**	**2,11,280.67**
Less: Impairment loss allowance	6,142.41	1,694.27
Net term loans	**3,83,080.44**	**2,09,586.40**
C. Based on region		
Loans in India		
Public sector	-	-
Others	3,89,222.85	2,11,280.67
Less: Impairment loss allowance	6,142.41	1,694.27
Total	**3,83,080.44**	**2,09,586.40**
Loans outside India		
Less: Impairment loss allowance	-	-
Total	**3,83,080.44**	**2,09,586.40**

Note:

Secured exposures are secured wholly by mortgage of property.

₹ in Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
7. Other financial assets		
Unsecured, considered good		
Security deposits	363.22	254.28
Other receivables	161.35	31.61
Total	**524.57**	**285.89**
8. Current tax assets (net)		
Advance income tax, net of provision	435.46	360.01
Total	**435.46**	**360.01**
9. Investment Property		
Cost or deemed cost (Gross carrying amount)		
Balance at the beginning of the year	3.56	3.56
Acquisitions	-	-
Transfer from property, plant and equipment	-	-
Balance at the end of the year	**3.56**	**3.56**
Accumulated depreciation		
Balance at the beginning of the year	-	-
Depreciation for the year	-	-
Balance at the end of the year	**-**	**-**
Net carrying amounts	**3.56**	**3.56**
Fair value	**6.86**	**6.53**
10. Other non-financial assets		
Capital advances	72.76	24.49
Prepaid expenses	404.87	306.19
Balance with government authorities	70.99	33.13
Total	**548.62**	**363.81**

11. Property, plant and equipment and capital work-in-progress

₹ in Lakhs

Particulars	Furniture and fittings	Computers and accessories	Office equipments	Vehicles	Leasehold improvements	Total (A)	Capital work-in- progress (B)	Total (A+B)
Cost or deemed cost (gross carrying amount)								
Balance at April 1, 2018	**202.03**	**175.73**	**51.96**	**39.26**	**197.66**	**666.65**	**14.13**	**680.78**
Additions / Transfer-in	184.76	224.34	54.46	-	200.99	664.55	-	664.55
Disposals / Transfer-out	(2.59)	(6.81)	(0.48)	-	-	(9.89)	(14.13)	(24.02)
As at March 31, 2019	**384.20**	**393.26**	**105.94**	**39.26**	**398.65**	**1,321.31**	**-**	**1,321.31**
Additions / Transfer-in	225.42	478.46	152.77	-	6.30	862.95	-	865.95
Disposals / Transfer-out	(4.20)	-	(0.16)	-	-	(4.36)	-	(4.36)
As at March 31, 2020	**605.42**	**871.72**	**258.55**	**39.26**	**404.95**	**2179.90**	**-**	**2179.90**
Accumulated depreciation								
As at March 31, 2018	**39.92**	**67.64**	**18.67**	**12.23**	**77.44**	**215.89**	**-**	**215.89**
Depreciation for the year	70.76	150.70	28.94	8.40	110.08	368.87	-	368.87
On disposals	(1.46)	(6.18)	(0.24)	-	-	(7.87)	-	(7.87)
As at March 31, 2019	**109.22**	**212.16**	**47.37**	**20.63**	**187.52**	**576.90**	**-**	**576.90**
Depreciation for the year	100.42	250.33	54.75	5.78	88.46	499.74	-	499.74
On disposals	(2.81)	-	(0.02)	-	-	(2.83)	-	(2.83)
As at March 31, 2020	**206.83**	**462.49**	**102.10**	**26.41**	**275.98**	**1073.81**	**-**	**1073.81**
Carrying amount (net)								
As at March 31, 2019	274.98	181.10	58.57	18.63	211.13	744.41	-	744.41
As at March 31, 2020	398.59	409.23	156.45	12.85	128.97	1106.09	-	1106.09

12. Intangible assets and intangibles under development

₹ in Lakhs

Particulars	Softwares	Total (A)	Intangibles under development (B)	Total (A) + (B)
Cost or deemed cost (gross carrying amount)				
As at March 31, 2018	**224.63**	**224.63**	**-**	**224.63**
Additions / Transfer-in	71.39	71.39	-	71.39
Disposals / Transfer-out	(0.10)	(0.10)	-	(0.10)
As at March 31, 2019	**295.92**	**295.92**	**-**	**295.92**
Additions / Transfer-in	59.75	59.75	-	59.75
Disposals / Transfer-out	-	-	-	-
As at March 31, 2020	**355.67**	**355.67**	**-**	**355.67**
Accumulated amortisation				
As at March 31, 2018	**43.54**	**43.54**	**-**	**43.54**
Amortisation for the year	50.59	50.59	-	50.59
On disposals	(0.01)	(0.01)	-	(0.01)
As at March 31, 2019	**94.12**	**94.12**	**-**	**94.12**
Amortisation for the year	68.75	68.75	-	68.75
On disposals	-	-	-	-
As at March 31, 2020	**162.87**	**162.87**	**-**	**162.87**
Carrying amount (net)				
As at March 31, 2019	201.80	201.80	-	201.80
As at March 31, 2020	**192.80**	**192.80**	**-**	**192.80**

₹ in Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
13. Payables		
13.1. Trade payables		
total outstanding dues of micro and small enterprises	-	-
total outstanding dues of creditors other than micro and small enterprises	662.40	292.69
Total	**662.40**	**292.69**
To Related Parties	-	-
Others	662.40	292.69
Total	**662.40**	**292.69**
14.1. Debt securities (refer note 15.1)		
At amortised cost		
Secured debentures		
750, (March 31,2019 - 1,350) 11.45% redeemable, non-convertible debentures of INR 1 lakh each	753.99	1,357.20
1,250, (March 31, 2019 - 2,250) 11.45% redeemable, non-convertible debentures of INR 1 lakh each	1,259.79	2,267.65
300, (March 31, 2019 - 300) 13.60% redeemable, non-convertible debentures of INR 10 lakh each	894.41	1,788.38
2,000 (March 31, 2019 - 2000), 10.21% redeemable, non-convertible debentures of INR 10 lakh each	20,022.51	20,022.56
300, (March 31, 2019 - 300) 11.50% redeemable, non-convertible debentures of INR 10 lakh each	2,338.01	3,089.66
240, (March 31, 2019 - 240) 11.25% redeemable, non-convertible debentures of INR 10 lakh each	2,422.00	2,423.67
450, (March 31,2019 - 450) 11.50% redeemable, non-convertible debentures of INR 10 lakh each	3,507.02	4,634.48
Nil, (March 31, 2019 - 250) 11.00 % redeemable, non-convertible debentures of INR 10 lakh each	0.56	2,501.51
5000, (March 31, 2019 - 500) 12.64% redeemable, non-convertible debentures of INR 10 lakh each	50,051.80	5,005.19
1000, (March 31, 2019 - 50) 12.64% redeemable, non-convertible debentures of INR 10 lakh each	10,010.36	500.52
30,000,000 (March 31, 2019 - Nil) 11.40% redeemable, non-convertible debentures of INR 10 each	3,001.08	-
200, (March 31, 2019 - Nil) 12.28% redeemable, non-convertible debentures of INR 10 lakh each	2,222.32	-
1250, (March 31, 2019 - Nil) 11.88% redeemable, non-convertible debentures of INR 10 lakh each	12,641.63	-
420, (March 31, 2019 - 420) 12.50% redeemable, non-convertible debentures of INR 100 each	0.60	0.60
3,300, (March 31, 2019 - 3,300) 12.50% redeemable, non-convertible debentures of INR 100 each	4.75	4.75
450, (March 31, 2019 - 450) 12.50% redeemable, non-convertible debentures of INR 100 each	0.65	0.65
180, (March 31, 2019 - 180) 12.50% redeemable, non-convertible debentures of INR 100 each	0.26	0.26
100, (March 31, 2019 - 100) 12.50% redeemable, non-convertible debentures of INR 100 each	0.14	0.14
Total	**1,09,131.88**	**43,597.22**

₹ in Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Less: Unamortised processing fee	(1,245.46)	(246.45)
	1,07,886.42	**43,350.77**
Debts securities in India	1,07,886.42	43,350.77
Debts securities outside India	-	-
	1,07,886.42	**43,350.77**

15. Borrowings (other than debt securities) (refer note 15.1)

At amortised cost		
Term loans (secured)		
From banks	77,589.54	37,990.73
From other parties	51,813.55	13,957.45
Loans from related parties (unsecured)	-	65.65
Loans from others (unsecured)	-	6.42
Loans repayable on demand (secured)		
From banks	-	863.07
Total	**1,29,403.09**	**52,883.32**
Less: Unamortised processing fee	(920.20)	(231.14)
Total	**1,28,482.89**	**52,652.18**
Borrowings in India	1,28,482.89	52,652.18
Borrowings outside India	-	-
Total	**1,28,482.89**	**52,652.18**

Loans repayable on demand includes on cash credit and working capital demand loans from banks which are secured by specific charge on identified receivables. As at March 31, 2020, the rate of interest across the cash credit and working capital demand loans was in the range of 10.20% p.a to 12.00% p.a (March 31, 2019 - 9.50% p.a to 12.00% p.a)

The Company has not defaulted in the repayment of the borrowings (including debt securities).

Term loans from other parties include borrowings from securitisation arrangements to the extent of INR 34,088.32 (March 31, 2019 - NIL)

16. Other financial liabilities

Unpaid dividends	5.53	6.88
Lease liability	1,555.33	-
Others	7.24	-
Total	**1,568.10**	**6.88**

15.1. Details of terms of redemption/repayment and security provided in respect of debt securities and borrowings

₹ in Lakhs

Particulars	Repayment terms	Tenor	Earliest installment date	As at March 31, 2020	As at March 31, 2019
750, (March 31,2019 - 1,350) 11.45% redeemable, non-convertible debentures of INR 1 lakh each	Principal payment frequency: Repayable in 9 Quarterly installments Coupon payment frequency: Monthly	48 months	April 15, 2019	753.99	1,357.20
1,250, (March 31, 2019 - 2,250) 11.45% redeemable, non-convertible debentures of INR 1 lakh each	Principal payment frequency: Repayable in 9 Quarterly installments Coupon payment frequency: Monthly	48 months	March 7, 2019	1,259.79	2,267.65
300, (March 31, 2019 - 300) 13.60% redeemable, non-convertible debentures of INR 10 lakh each	Principal payment frequency: Repayable in 7 Halfyearly installments Coupon payment frequency: Halfyearly	60 months	December 6, 2017	894.41	1,788.38
2,000 (March 31, 2019 - 2000), 10.21% redeemable, non-convertible debentures of INR 10 lakh each	Principal payment frequency: Repayable in 4 Quarterly installments Coupon payment frequency: Quarterly	60 months	June 28, 2022	20,022.51	20,022.58
300, (March 31, 2019 - 300) 11.50% redeemable, non-convertible debentures of INR 10 lakh each	Principal payment frequency: Repayable in 4 Quarterly installments Coupon payment frequency: Halfyearly	48 months	March 30, 2020	2,338.01	3,089.66
240, (March 31, 2019 - 240) 11.25% redeemable, non-convertible debentures of INR 10 lakh each	Principal payment frequency: Entire principal repayble at maturity Coupon payment frequency: Halfyearly	48 months	February 28, 2021	2,422.00	2,423.67
450, (March 31,2019 - 450) 11.50% redeemable, non-convertible debentures of INR 10 lakh each	Principal payment frequency: Repayable in 4 Quarterly installments Coupon payment frequency: Halfyearly	48 months	March 30, 2020	3,507.02	4,634.48
Nil, (March 31, 2019 - 250) 11.00 % redeemable, non-convertible debentures of INR 10 lakh each	Principal payment frequency: Entire principal repayble at maturity Coupon payment frequency: Quarterly	72 months	March 30, 2020	0.56	2,501.51
5000, (March 31, 2019 - 500) 12.64% redeemable, non-convertible debentures of INR 10 lakh each	Principal payment frequency: Repayable in 12 Monthly installments Coupon payment frequency: Quarterly	36 months	April 29, 2021	50,051.80	5,005.19
1000, (March 31, 2019 - 50) 12.64% redeemable, non-convertible debentures of INR 10 lakh each	Principal payment frequency: Repayable in 12 Monthly installments Coupon payment frequency: Quarterly	36 months	April 29, 2021	10,010.36	500.52
30,000,000 (March 31, 2019 - 0) 11.40% redeemable, non-convertible debentures of INR 10 each	Principal payment frequency: Entire principal repayble at maturity Coupon payment frequency: Monthly	60 months	April 11, 2024	3,001.08	-
200, (March 31, 2019 - Nil) 12.28% redeemable, non-convertible debentures of INR 10 lakh each	Principal payment frequency: Entire principal repayble at maturity Coupon payment frequency: Entire interest repayble at maturity	38 months	July 3, 2022	2,222.32	-
1250, (March 31, 2019 - Nil) 11.88% redeemable, non-convertible debentures of INR 10 lakh each	Principal payment frequency: Entire principal repayble at maturity Coupon payment frequency: Halfyearly	72 months	August 28, 2025	12,641.63	-

15.1. Details of terms of redemption/repayment and security provided in respect of debt securities and borrowings

₹ in Lakhs

Particulars	Repayment terms	Tenor	Earliest installment date	As at March 31, 2020	As at March 31, 2019
420, (March 31, 2019 - 420) 12.50% redeemable, non-convertible debentures of INR 100 each	Principal payment frequency: Entire principal repayble at maturity Coupon payment frequency: Entire interest repayble at maturity	36 months	November 19, 2014	0.60	0.60
3,300, (March 31, 2019 - 3,300) 12.50% redeemable, non-convertible debentures of INR 100 each	Principal payment frequency: Entire principal repayble at maturity Coupon payment frequency: Entire interest repayble at maturity	36 months	April 14, 2015	4.75	4.75
450, (March 31, 2019 - 450) 12.50% redeemable, non-convertible debentures of INR 100 each	Principal payment frequency: Entire principal repayble at maturity Coupon payment frequency: Entire interest repayble at maturity	36 months	May 24, 2015	0.65	0.65
180, (March 31, 2019 - 180) 12.50% redeemable, non-convertible debentures of INR 100 each	Principal payment frequency: Entire principal repayble at maturity Coupon payment frequency: Entire interest repayble at maturity	12 months	August 2, 2013	0.26	0.26
100, (March 31, 2019 - 100) 12.50% redeemable, non-convertible debentures of INR 100 each	Principal payment frequency: Entire principal repayble at maturity Coupon payment frequency: Entire interest repayble at maturity	36 months	December 12, 2015	0.14	0.14
Total				**1,09,131.88**	**43,597.22**

All debentures are secured by pari passu charge on immoveable property and exclusive first charge on book debts with a security cover ranging from 1 to 1.10 times of the outstanding amount at any point of time.

₹ in Lakhs

Particulars	Repayment terms	Tenor	Earliest installment date	As at March 31, 2020	As at March 31, 2019
Term loans from banks					
Term Loan 1	Repayable in 48 Monthly installments	48 months	April 15, 2017	506.23	1,005.00
Term Loan 2	Repayable in 60 Monthly installments	60 months	March 3, 2019	3,003.52	3,770.09
Term Loan 3	Repayable in 36 Monthly installments	36 months	May 1, 2019	2,103.68	3,002.84
Term Loan 4	Repayable in 20 Quarterly installments	60 months	June 30, 2019	4,001.17	5,001.54
Term Loan 5	Repayable in 36 Monthly installments	36 months	February 5, 2019	1,555.17	2,379.69
Term Loan 6	Repayable in 36 Monthly installments	36 months	April 5, 2018	556.95	1,057.67
Term Loan 7	Repayable in 36 Monthly installments	36 months	May 5, 2018	398.66	729.42
Term Loan 8	Repayable in 48 Monthly installments	48 months	April 23, 2018	250.00	500.00
Term Loan 9	Repayable in 48 Monthly installments	48 months	April 23, 2018	492.75	739.13
Term Loan 10	Repayable in 60 Monthly installments	60 months	December 5, 2015	8.63	20.47
Term Loan 11	Repayable in 36 Monthly installments	36 months	May 7, 2017	35.12	402.71
Term Loan 12	Repayable in 56 Monthly installments	60 months	July 28, 2016	118.21	238.58
Term Loan 13	Repayable in 12 Quarterly installments	36 months	May 28, 2018	672.14	1,344.94
Term Loan 14	Repayable in 11 Quarterly installments	36 months	December 13, 2016	-	136.40
Term Loan 15	Repayable in 34 Monthly installments	36 months	September 30, 2017	264.78	1,323.53
Term Loan 16	Repayable in 34 Monthly installments	36 months	May 21, 2018	647.23	1,353.33
Term Loan 17	Repayable in 40 Monthly installments	42 months	September 30, 2018	2,625.73	4,126.15
Term Loan 18	Repayable in 34 Monthly installments	36 months	May 18, 2019	3,383.30	5,001.41
Term Loan 19	Repayable in 12 Quarterly installments	39 months	August 9, 2017	42.04	210.39
Term Loan 20	Repayable in 60 Monthly installments	60 months	May 2, 2016	122.40	239.40
Term Loan 21	Repayable in 9 Halfyearly installments	60 months	March 28, 2018	222.22	333.33
Term Loan 22	Repayable in 58 Monthly installments	60 months	April 30, 2017	1,483.50	2,381.50
Term Loan 23	Repayable in 36 Monthly installments	36 months	May 5, 2018	911.45	1,752.04
Term Loan 24	Repayable in 60 Monthly installments	60 months	January 30, 2020	2,876.76	-
Term Loan 25	Repayable in 36 monthly installments	24 months	May 1, 2020	4,024.74	-
Term Loan 26	Repayable in 36 monthly installments	36 months	May 31, 2019	3,125.00	-
Term Loan 27	Repayable in 36 monthly installments	36 months	June 30, 2019	2,187.66	-
Term Loan 28	Repayable in 57 monthly installments	60 months	September 30, 2019	877.46	-
Term Loan 29	Repayable in 48 monthly installments	48 months	July 29, 2019	1,218.75	-
Term Loan 30	Repayable in 33 monthly installments	36 months	December 30, 2019	2,197.58	-
Term Loan 31	Repayable in 36 monthly installments	36 months	September 25, 2019	1,627.41	-
Term Loan 32	Repayable in 60 monthly installments	62 months	January 30, 2020	19,506.73	-

₹ in Lakhs

Particulars	Repayment terms	Tenor	Earliest installment date	As at March 31, 2020	As at March 31, 2019
Term Loan 33	Repayable in 60 monthly installments	60 months	April 30, 2020	4,000.00	-
Term Loan 34	Repayable in 57 monthly installments	60 months	June 25, 2020	3,751.00	-
Term Loan 35	Repayable in 57 monthly installments	60 months	June 25, 2020	757.53	-
Term Loan 36	Repayable in 57 monthly installments	60 months	June 25, 2020	501.51	-
Term Loan 37	Repayable in 36 monthly installments	36 months	February 5, 2020	2,834.11	-
Term Loan 38	Repayable in 36 monthly installments	36 months	March 5, 2020	2,041.67	-
Term Loan 39	Repayable in 12 monthly installments	37 months	May 26, 2020	1,917.27	-
Term Loan 40	Repayable in 60 monthly installments	60 months	December 5, 2018	739.48	940.79
Total				**77,589.54**	**37,990.73**

All the above loans are secured by an exclusive first charge on book debts with a security cover ranging from 1.05 to 1.25 times of the outstanding loan amount at any point of time.

As at March 31, 2020, the rate of interest across terms loans from banks was in the range of 9.26% p.a to 11.65% p.a (March 31, 2019 - 9.36% p.a to 11.50% p.a)

₹ in Lakhs

Particulars	Repayment terms	Tenor	Earliest installment date	As at March 31, 2020	As at March 31, 2019
Term loans from others					
Term loans from others - 1	Repayable in 10 Quarterly installments	36 months	November 30, 2018	800.20	1,600.41
Term loans from others - 2	Repayable in 48 Monthly installments	48 months	February 11, 2019	1,771.29	2,396.48
Term loans from others - 3	Repayable in 60 Monthly installments	60 months	May 1, 2019	864.35	1,000.00
Term loans from others - 4	Repayable in 48 Monthly installments	48 months	January 29, 2019	1,471.44	1,901.63
Term loans from others - 5	Repayable in 16 Quarterly installments	48 months	April 28, 2017	324.41	649.45
Term loans from others - 6	Repayable in 20 Quarterly installments	63 months	September 1, 2019	1,149.16	1,840.82
Term loans from others - 7	Repayable in 60 Monthly installments	60 months	November 22, 2015	64.92	183.70
Term loans from others - 8	Repayable in 60 Monthly installments	60 months	April 22, 2017	702.22	998.37
Term loans from others - 9	Repayable in 36 Monthly installments	36 months	March 20, 2019	650.12	487.69
Term loans from others - 10	Repayable in 60 Monthly installments	60 months	April 27, 2019	421.71	500.29
Term loans from others - 11	Repayable in 20 Quarterly installments	60 months	February 29, 2020	1,425.40	-
Term loans from others - 12	Repayable in 36 Monthly installments	36 months	January 22, 2020	928.43	-
Term loans from others - 13	Repayable in 36 Monthly installments	36 months	February 22, 2020	2,857.97	-
Term loans from others - 14	Repayable in 3 Annual installments	36 months	February 1, 2020	2,500.00	-
Term loans from others - 15	Repayable in 48 Monthly installments	48 months	March 5, 2020	769.32	-
Term loans from others - 16	Repayable in 30 Monthly installments	30 months	April 30, 2019	310.00	1,400.00
Term loans from others - 17	Repayable in 48 Monthly installments	48 months	June 30, 2018	714.28	1,000.00
Term loans from others - 18*	Repayable in 33 installments	35 months	August 16, 2019	6,439.89	-
Term loans from others - 19*	Repayable in 59 installments	59 months	September 17, 2019	8,132.78	-
Term loans from others - 20*	Repayable in 64 installments	65 months	February 17, 2020	12,780.24	-
Term loans from others - 21*	Repayable in 40 installments	40 months	March 21, 2020	6,735.41	-
Total				**51,813.55**	**13,958.84**

All the above loans (other than borrowings from securitisation arrangements) are secured by an exclusive first charge on book debts with a security cover ranging from 1.10 to 1.20 times of the outstanding loan amount at any point of time.

*Refer note no. 47-AA, 47-AB for security and credit enhancement details pertaining to borrowings from securitisation arrangements.

As at March 31, 2020, the rate of interest across terms loans from others was in the range of 9.75% p.a to 13.25% p.a (March 31, 2019 - 9.75% p.a to 11.95% p.a)

₹ in Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
17. Current tax liabilities (net)		
Provision for tax (net)	74.80	162.17
Total	**74.80**	**162.17**
18. Provisions		
Provision for employee benefits		
Provision for gratuity	247.10	255.65
Provision for compensated absences	330.51	120.61
Total	**577.61**	**376.26**
19. Other non-financial liabilities		
Statutory dues payable	530.54	314.93
Employee related payables	1,074.58	1,256.51
Rent straightlining	-	57.75
Total	**1,605.12**	**1,629.19**
20. Equity share capital		
Authorised		
55,000,000 shares (March 31, 2019 - 30,000,000) of INR 10 each	5,500.00	3,000.00
Issued, subscribed and fully paid up		
25,410,294 shares (March 31, 2019 - 23,899,582) of INR 10 each fully paid up	2,541.03	2,389.96
1,717,597 shares (March 31, 2019 - Nil) of INR 10 each (partly paid up - INR 1 each paid up)	17.18	-

Reconciliation of shares outstanding at the beginning and at the end of the reporting period

	As at March 31, 2020		As at March 31, 2019	
	Number of shares	Amount in Lakhs of INR	Number of shares	Amount in Lakhs of INR
As at beginning of the year	2,38,99,582	2,389.96	1,91,68,854	1,916.89
Shares issued in exercise of employee stock options	1,78,450	17.85	43,900	4.39
Shares issued	30,49,859	150.40	46,86,828	468.68
As at the end of the year	**2,71,27,891**	**2,558.21**	**2,38,99,582**	**2,389.96**

Terms/rights attached to Equity Shares:

The Company has a single class of equity shares. Accordingly all equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time subject to payment of dividend to preference shareholders. Dividends are paid in Indian Rupees. Dividend proposed by the board of directors, if any, is subject to the approval of the shareholders at the General Meeting, except in the case of interim dividend.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders to the extent the shares are paid up.

Shares reserved for issue under options

Information relating to employee Stock Option Scheme, 2015 including the details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the reporting period, is set out in note 41.

Details of shareholders holding more than 5% shares in the company

Name of shareholder	As at March 31, 2020	
	Number of shares	% 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

₹ in Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
21. Other Equity		
Statutory reserve	10,861.82	5,622.81
Share options outstanding account	428.30	490.27
Securities premium	1,39,069.20	1,07,313.93
General reserve	719.60	719.60
Retained earnings	40,820.92	19,976.24
Other comprehensive income	-	-
Total	**1,91,899.84**	**1,34,122.85**

₹ in Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
i. Statutory reserve		
Opening balance	5,622.81	2,489.60
Amount transferred from surplus in the statement of profit and loss	5,239.01	3,133.21
Closing balance	**10,861.82**	**5,622.81**

As per Section 45-IC of the Reserve Bank of India Act, 1934, the Company is required to create a reserve fund at the rate of 20% of the net profit after tax of the Company every year. Accordingly, the Company has transferred an amount of INR 5,239.01 lakhs (March 31, 2019: INR 3,126 lakhs), out of the profit after tax for the year ended March 31, 2020 to Statutory Reserve. As described in note 50 , Five-Star Housing Finance Private Limited, the wholly owned subsidiary amalgamated with the Company with appointed date under the aforesaid Scheme as April 1, 2019. The wholly owned subsidiary has surrendered its Certificate of Registration to carry on the business of housing finance institution to National Housing Bank (NHB) on June 5, 2020. The statutory reserve maintained by the wholly owned subsidiary under section 29C of the National Housing Bank Act, 1987 (As at March 31, 2019 - INR 18.81 lakhs, including the transfer of INR 7.21 lakhs in the year ended March 31, 2019) has been subsumed in the statutory reserve maintained by the Company. No appropriation of any sum from this reserve fund shall be made by the non-banking financial company except for the purpose as may be specified by RBI.

ii. Share options outstanding account		
Opening balance	490.27	327.52
Share based payment expense	168.03	267.83
Less : Transfer to securities premium	(230.00)	(105.08)
Less : Transfer to general reserve for lapse of options	-	-
Closing balance	**428.30**	**490.27**

The Company has established equity-settled share based payment plans for certain categories of employees of the Company. Refer note 41 for further details of these plans.

iii. Securities premium		
Opening balance	1,07,313.93	46,256.73
Premium on shares issued during the period	31,755.27	61,558.73
Less : Utilised during the year for share issue expenses	-	501.53
Closing balance	**1,39,069.20**	**1,07,313.93**

Securities premium is used to record the premium received on issue of shares. It is utilised in accordance with provisions of Companies Act, 2013.

iv. General reserve		
Opening balance	719.60	719.60
Amount transferred from surplus in the statement of profit and loss	-	-
Closing balance	**719.60**	**719.60**

General reserve are free reserves which can be utilised for any purpose as may be required.

₹ in Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
v. Retained earnings		
Opening balance	19,976.24	7,481.78
Net Profit for the year	26,195.04	15,665.73
Transfer to Statutory reserve	5,239.01	3,133.21
Transfer from other comprehensive income	(111.35)	(38.06)
Closing balance	**40,820.92**	**19,976.24**

Retained earning is the accumulated available profit of the Company carried forward from earlier years. These reserve are free reserves which can be utilised for any purpose as may be required.

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.

22. Interest income		
(On financial assets measured at amortised cost)		
Interest on loans	71,795.80	37,621.43
Interest on deposits with banks	2,886.62	1,352.38
Total	**74,682.42**	**38,973.81**
23. Fee income		
Legal and inspection fees	2,917.60	1,272.87
Others charges	53.24	54.18
Total	**2,970.84**	**1,327.05**
24. Net gain on fair value changes		
Net gain on financial instruments at fair value through profit or loss (FVTPL)		
On trading portfolio		
-Mutual fund investments at FVTPL	1,018.22	589.94
Total	**1,018.22**	**589.94**
Fair value changes		
Realised	1,018.22	589.94
Unrealised	-	-
Total	**1,018.22**	**589.94**
25. Other Income		
Other non-operating income	63.25	1.86
Total	**63.25**	**1.86**

₹ in Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
26. Finance costs		
(On financial liabilities measured at amortised cost)		
Interest on borrowings		
- term loans from banks	5,546.06	2,668.11
- cash credits and overdraft	15.61	4.00
- term loans from others*	3,158.88	948.79
Interest on debt securities	12,733.62	3971.30
Interest on lease liability	167.76	-
Interest on current tax liability	71.58	-
Total	**21,693.51**	**7,592.20**

Includes interest of Rs. INR 1606.83 lakhs pertaining to borrowings from securitisation arrangements

Particulars	As at March 31, 2020	As at March 31, 2019
27. Fees expenses		
Amortisation of ancillary costs relating to borrowings	42.52	94.77
Total	**42.52**	**94.77**
28. Impairment / write off on financial instruments		
(On financial assets measured at amortised cost)		
Impairment loss allowance on loans*	4,934.19	755.18
Total	**4,934.19**	**755.18**

* Includes write-off of INR 486.06 lakhs (March 31, 2019 - INR 175.88 lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
29. Employee benefits expenses		
Salaries, wages and bonus	11,272.30	6,798.80
Contribution to provident and other funds	905.85	465.68
Employee stock option expenses	168.03	267.83
Staff welfare expenses	364.60	121.13
Total	**12,710.78**	**7,653.44**
30. Depreciation and amortization		
Depreciation on property, plant and equipment	499.74	368.87
Amortisation of intangible assets	68.75	50.59
Depreciation on right of use asset	438.36	-
Total	**1,006.85**	**419.46**
31. Other expenses		
Rent	15.09	428.07
Rates and taxes	104.32	197.19
Electricity expenses	78.29	55.26
Repairs and maintenance	203.32	187.51
Communication costs	442.37	262.34
Printing and stationery	343.03	199.47
Advertisement and publicity	2.52	6.28
Directors fees, allowances and expenses	13.63	11.05
Auditor's fees and expenses (Refer note 31.2)	47.12	27.56
Legal and professional charges	1,389.62	679.09
Insurance	14.29	9.01

₹ in Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Corporate social responsibility expenses (Refer note 32.2)	7.39	10.00
Travel expenses	192.77	135.18
Information technology expenses	394.16	225.31
Loss on sale of property, plant and equipment	0.75	0.98
Bank charges	122.06	47.45
Customer referral expenses	25.86	25.32
Miscellaneous expenses	20.24	26.20
Total	**3,416.83**	**2,533.27**
31.1. Payments to auditors		
Statutory audit including limited review	38.15	22.12
Tax audit	2.18	1.59
Other services	5.18	3.27
Reimbursement of expenses	1.61	0.58
Total	**47.12**	**27.56**
31.2. Details of expenditure on corporate social responsibility ("CSR")		
(a) Amount required to be spent by the Company during the year	216.28	86.76
(b) Amount spent during the year (in cash) :		
(i) Construction/ acquisition of any asset	-	-
(ii) On purposes other than (i) above	7.39	10.00
32. A. Income tax		
i. Current tax		
in respect of current year	10,083.72	6,977.77
in respect of prior years	(27.65)	-
Total	**10,056.07**	**6,977.77**
ii. Deferred tax		
Attributable to–		
Origination and reversal of temporary differences	(1,321.06)	(799.16)
Total	**(1,321.06)**	**(799.16)**
Tax expense (i)+(ii)	**8,735.01**	**6,178.61**
32. B. Income tax recognized in other comprehensive income		
Re-measurements of the defined benefit plan	(148.80)	(53.55)
Income tax relating to items that will not be reclassified to profit or loss	(37.45)	(15.49)
Net of tax	**(111.35)**	**(38.06)**
32.1. Reconciliation of total tax expense		
Profit before tax	34,930.05	21,844.34
Applicable tax rate	25.17%	29.12%
Computed tax expense	8,791.19	6,361.07

₹ in Lakhs

Particulars		
Tax effect of :		
Permanent differences		
Deduction u/s 80JJAA of the Income Tax Act, 1961	(244.92)	(168.86)
Disallowance related to CSR expenditure	1.71	1.46
Change in tax rates	194.35	5.96
Others	(7.32)	(21.02)
Income tax expense recognised in statement of profit and loss	**8,735.01**	**6,178.61**
Effective tax rate	25.01%	28.28%

Note: The Company has elected to exercise the option permitted under section 115BAA of the Income Tax Act, 1961, as introduced by the Taxation laws (Amendment) Ordinance, 2019. Accordingly, the Company has recognised provision for income tax and remeasured its net deferred tax asset at concessional rate for the year ended March 31, 2020.

33. Commitments

Estimated amount of contracts remaining to be executed on capital account (net of capital advances) and not provided for	14.73	3.95

34. Contingent liabilities

Claims against the Company not acknowledged as debt		
- Income tax related matters (excluding penalties and interest)	6.74	6.74
- Provident Fund (refer note below)		

In light of judgment of Honorable Supreme Court dated 28 February 2019 on the definition of "Basic Wages" under the Employees Provident Funds & Misc. Provisions Act, 1952 and based on the legal advise received, the Company has aligned the manner of computation of liability for Provident Fund effective the date of the order. There are significant uncertainties in determining the liability including, period of assessment, application for present and past employees and assessment of interest and penalties. The amount of the obligation therefore cannot be measured with sufficient reliability for past periods and hence disclosed as a contingent liability.

35. Disclosure under Micro, Small and Medium Enterprises Development Act, 2006

Under Micro, Small and Medium Enterprises Development Act, 2006, (MSMED) which came into force from 2 October 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. On the basis of the information and records available with management and confirmation sought from suppliers on registration with specified authority under MSMED, principal amount, interest accrued and remaining unpaid and interest paid during the year to such enterprise is NIL.

The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting period			
Principal	-	-	-
Interest	-	-	-
The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	-	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	-	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-	-

₹ in Lakhs

Particulars		
36. Deferred tax assets / (liability):		
In relation to :		
Difference between written down value of fixed assets as per books of accounts and income tax	95.19	69.52
Employee Benefits	303.92	159.30
Preliminary expense	-	1.06
Impairment allowance	1,289.74	342.87
Unamortised processing fee income	1,664.02	1,030.39
Unamortised processing fee expenses	(545.07)	(138.69)
Recognition of lease liability and right to use asset	15.16	-
Total	**2,822.96**	**1,464.46**

₹ in Lakhs

36. Deferred tax assets / (liability):

The following table shows deferred tax recorded in the balance sheet and changes recorded in the income tax expense

For the year ended 31 March, 2020 :

Particulars	Opening Balance	Recognised in profit of loss	Recognised in other comprehensive income	Closing Balance
Difference between written down value of fixed assets as per books of accounts and income tax	69.52	25.67	-	95.19
Employee Benefits	159.30	107.17	37.45	303.92
Preliminary expense	1.06	(1.06)	-	-
Impairment on financial instruments	342.87	946.87	-	1,289.74
Unamortised processing fee income	1,030.39	633.63	-	1,664.02
Unamortised processing fee expenses	(138.69)	(406.38)	-	(545.07)
Recognition of lease liability and right to use asset	-	15.16	-	15.16
Total	**1,464.46**	**1,321.06**	**37.45**	**2,822.96**

The following table shows deferred tax recorded in the balance sheet and changes recorded in the income tax expense

For the year ended 31 March, 2019 :

Particulars	Opening Balance	Recognised in profit of loss	Recognised in other comprehensive income	Closing Balance
Difference between written down value of fixed assets as per books of accounts and income tax	32.76	36.76	-	69.52
Employee Benefits	50.78	93.03	15.49	159.30
Preliminary expense	2.28	(1.21)	-	1.06
Impairment on financial instruments	191.84	151.03	-	342.87
Unamortised processing fee income	452.27	578.12	-	1,030.39
Unamortised processing fee expenses	(80.12)	(58.57)	-	(138.69)
Total	**649.81**	**799.16**	**15.49**	**1,464.46**

37. Leases

A. Implementation of IND AS 116

The Company has operating lease agreement primarily for office premises. The leases typically run for a period of 1 to 10 years, with an option to extend the lease or terminate, either at the option of lessee or lessor or on mutual agreement.

This note explains the impact of the adoption of Ind-AS 116 Leases on the financial statements.

Under the erstwhile standard, Ind-AS 17 - Leases, the leases in which a substantial portion of the risk and rewards of the ownership were retained by the lessor were classified as operating leases. Upon adoption of IndAS 116, the Company applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The standard provides specific transition requirements and practical expedients, which have been applied by the Company.

On transition, the company recognised right-of use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

Lease liabilities as at April 1, 2019 were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate.

The discount rate applied to the lease liabilities as at April 1, 2019 is lessee's incremental borrowing rate as at April 1, 2019. This change is in accordance with the transitional provisions of Ind AS 116.

Effective April 1, 2019, the Company has adopted Ind AS 116 - Leases and applied it to all lease contracts existing on April 1, 2019 using the modified retrospective method. Consequently, the cumulative adjustment has been taken to retained earnings on the date of initial application i.e. April 1, 2019. Based on the same and as permitted under the specific transitional provisions in the standard, the Company is not required to restate the comparative figures.

Practical expedients applied

The Company has elected not to reassess the previously identified leases applying Ind AS 17 - Leases as to whether a contract is, or contains a lease at the date of initial application.

Further, In applying Ind AS 116 for the first time, the company has also used the following practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics.
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application.
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months at the date of initial application.

₹ in Lakhs

Particulars	Year ended March 31, 2020
i). Movement in carrying value of right of use assets	
As at April 1, 2019	
Right of use asset recognised on initial application of IND AS 116	1,104.68
Reclassfication of prepaid rent as at April 1,2019	46.11
Additions during the year	884.19
Depreciation	(438.36)
Derecognition on termination of leases	(108.62)
Balance as at March 31, 2020	**1,488.00**
ii). Movement in lease liabilities	
As at April 1, 2019	
Lease liabilities recognised on initial application of IND AS 116	1,162.43
Additions during the year	871.57
Interest on lease liabilities	167.76
Rent payments	(531.20)
Derecognition on termination of leases	(115.23)
As at March 31, 2020	**1,555.33**
iii). Amounts recognised in statement of profit and loss	
Rent expense on short term leases	15.09
Interest on lease liabilities	167.76
Depreciation on Right of Use asset	438.36
Gain recognised on derecognition of leases	(6.60)

₹ in Lakhs

Particulars	Year ended March 31, 2020
iv). Future lease commitments	
Future undiscounted lease payments to which leases is not yet commenced	38.59
v). Cash flows	
Total cash outflow for leases	546.29
vi). Maturity analysis of undiscounted lease liabilities	
Not later than one year	636.77
Later than one year and not later than five years	1,153.47
Later than five years	161.85
vii). Measurement of lease liabilities	
Operating lease commitments as at March 31, 2019	1,772.67
Weighted average incremental borrowing rate as at April 1, 2019	12.29%
Discounted operating lease commitments at April 1, 2019	1,162.43
Lease liabilities recognised as at April 1, 2019	1,162.43

B. Lease disclosures under Ind-AS 17 for the comparative year ended March 31, 2019

The company has operating lease agreement primarily for office premises. The leases typically run for a period of 3 to 9 years, with an option to renew the lease after that period.

₹ in Lakhs

Particulars	Year ended March 31, 2019
i). Amount recognized in profit or loss	
Minimum lease payments	428.07
ii). Future minimum lease payments	
Payable within one year	423.55
Payable between one and five years	1,238.42
Payable after five years	110.70

₹ in Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
38. Earnings per share		
Profit after tax	26,195.04	15,665.73
Weighted Average Number of Equity Shares in calculation of basic earnings per share	2,53,73,397	2,27,31,677
Dilution on account of ESOP and partly paid up shares	6,40,463	5,14,492
Weighted Average Number of Equity Shares in calculation of diluted earnings per share	2,60,13,860	2,32,46,169
Basic earnings per share	103.24	68.92
Diluted earnings per share	100.70	67.39

39. Segment Information

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, and for which discrete financial information is available. All operating segments' operating results are reviewed regularly by the Company's Managing Director ('MD') to make decisions about resources to be allocated to the segments and assess their performance. The MD is considered to be the Chief Operating Decision Maker ('CODM') within the purview of Ind AS 108 Operating Segments.

The CODM considers the entire business of the Company on a holistic basis to make operating decisions and thus there are no segregated operating segments. The Company is primarily engaged in providing small business loans and loans for house renovations / extensions etc. The CODM of the Company reviews the operating results of the Company as a whole and therefore not more than one reportable segment is required to be disclosed by the Company as envisaged by Ind AS 108 Operating Segments. Accordingly, amounts appearing in these financial statements relates to small business loans and loans for house renovations / extensions etc.

The Company does not have any separate geographic segment other than India. As such there are no separate reportable segments as per IND AS 108 Operating Segments.

40. Employee benefits - post employment benefit plans

Defined contribution plans

A. The Company makes provident fund and employee state insurance scheme contributions which are defined contribution plans, for qualifying employees. Under the schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised INR 492.28 lakhs (year ended March 31, 2019 - INR 229.59 lakhs) for provident fund contributions, and INR 168.58 lakhs (year ended March 31, 2019 - INR 138.74 lakhs) for employee state insurance scheme contributions in the statement of profit and loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

B. Defined benefit plans

Gratuity

The Company operates a defined benefit plan (the Gratuity plan) covering eligible employees. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age/ resignation date.

The defined benefit plans expose the Company to risks such as Actuarial risk, Investment risk, Liquidity risk, Market risk, Legislative risk. These are discussed as follows:

Actuarial risk: It is the risk that benefits will cost more than expected. This can arise due to one of the following reasons:

Adverse salary growth experience: Salary hikes that are higher than the assumed salary escalation will result into an increase in obligation at a rate that is higher than expected.

Variability in mortality rates: If actual mortality rates are higher than assumed mortality rate assumption then the gratuity benefits will be paid earlier than expected. Since there is no condition of vesting on the death benefit, the acceleration of cash flow will lead to an actuarial loss or gain depending on the relative values of the assumed salary growth and discount rate.

Variability in withdrawal rates: If actual withdrawal rates are higher than assumed withdrawal rate assumption then the Gratuity Benefits will be paid earlier than expected. The impact of this will depend on whether the benefits are vested as at the resignation date.

Investment risk: For funded plans that rely on insurers for managing the assets, the value of assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases, the present value of the assets is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter-valuation period.

Liquidity risk: Employees with high salaries and long durations or those higher in hierarchy, accumulate significant level of benefits. If some of such employees resign/retire from the company there can be strain on the cash flows.

Market risk: Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. One actuarial assumption that has a material effect is the discount rate. The discount rate reflects the time value of money. An increase in discount rate leads to decrease in defined benefit obligation of the plan benefits and vice versa. This assumption depends on the yields on the government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.

Legislative risk: Legislative risk is the risk of increase in the plan liabilities or reduction in the plan assets due to change in the legislation/regulation. The government may amend the Payment of Gratuity Act, 1972, thus requiring the companies to pay higher benefits to the employees. This will directly affect the present value of the defined benefit obligation and the same will have to be recognized immediately in the year when any such amendment is effective.

Funding

During the current year, the Company has funded their gratuity liability with Life Insurance Corporation. Upto the previous year ended March 31, 2019, Company did not have a funded gratuity scheme for its employees. Gratuity provision has been made based on the actuarial valuation.

Reconciliation of net defined benefit (asset) liability

The following table shows a reconciliation from the opening balances to the closing balances for the net defined benefit asset (liability) and its components.

₹ in Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Present value of obligations	501.04	255.65
Fair value of plan assets	(253.94)	-
Asset/ (Liability) recognised in the balance sheet	**(247.10)**	**(255.65)**
B. Defined benefit plans		
Reconciliation of present value of defined benefit obligation		
Balance at the beginning of the year	255.65	141.72
Benefits paid	(8.43)	(3.44)
Current service cost	85.82	53.40
Interest cost	17.30	10.42
Actuarial (gain)/loss recognized in other comprehensive income		
changes in demographic assumptions	-	(38.15)
changes in financial assumptions	27.40	56.34
experience adjustments	123.30	35.36
Balance at the year end	**501.04**	**255.65**
Expense recognized in profit or loss		
Current service cost	85.82	53.40
Net Interest cost	8.92	10.42
Total	**94.74**	**63.82**

₹ in Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Remeasurements recognized in other comprehensive income		
Actuarial (gain) loss on defined benefit obligation	150.70	(53.55)
Return on plan assets excluding interest income	(1.90)	-
Total	**148.80**	**(53.55)**
Changes in the fair value of plan assets		
Fair value of plan assets as at the beginning of the period	-	-
Expected return on plan assets	8.38	-
Contributions	250.00	-
Direct Contributions towards direct benefit payments	2.09	-
Benefits paid and Charges deducted from the fund	(6.34)	-
Direct Benefit Payments	(2.09)	-
Actuarial gain/(loss) on plan assets	1.90	-
Fair value of plan assets as at the end of the period	**253.94**	**-**
Net defined benefit (assets)/liability	**247.10**	**255.65**
Actuarial assumptions		
Discount rate	5.81%	6.88% - 7.30%
Future salary growth	15.00%	15.00%
Attrition rate	25.00%	12.00% - 25.00%

Five year information

₹ in Lakhs

Particulars	31-Mar- 20	31-Mar- 19	31-Mar- 18	31-Mar- 17	31-Mar- 16
Defined benefit obligation	(501.04)	255.65	141.72	65.39	44.29
Fair value of plan assets	253.94	-	-	-	-
Deficit in plan	(247.10)	(255.65)	(141.72)	(65.39)	(44.29)
Experience adjustments on plan liabilities	(123.30)	(36.61)	(10.59)	(10.92)	(6.07)
Experience adjustments on plan assets	1.90	-	-	-	-

Sensitivity Analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

Discount rate		
-1% increase	(25.68)	(12.07)
-1% decrease	28.29	13.20
Future salary growth		
-1% increase	26.19	12.01
-1% decrease	(24.58)	(11.27)
Attrition rate		
-1% increase	(15.16)	(6.72)
-1% decrease	16.32	7.23

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown

42. Share Based Payments

A. Description of schemes

The decision to introduce Five-Star Associate Stock Option Scheme, 2015 (hereinafter called "FIVE-STAR ASOP, 2015" or "The Scheme") was taken by the Board of Directors at the meeting held on September 18, 2015 and was approved by the shareholders of the Company at the Extra Ordinary General Meeting held on April 12, 2016. The total options issuable under the plan are upto 5,63,000 options.

Later, the Board of Directors issued another scheme, named Five-Star Associate Stock Option Scheme, 2018 (hereinafter called "FIVE-STAR ASOP, 2018" or "The Scheme") at their meeting held on February 28, 2018 and was approved by the shareholders of the Company at the Extra Ordinary General Meeting held on March 26, 2018. The total options issuable under the plan are upto 5,00,000 options.

Nomination and Remuneration Committee constituted by the Board of Directors of the Company administers the plans. Under these plans, the participants are granted options which vest as per the schedule provided in the Grant Letter given to each of the participants. The time period for exercise of these options is defined in the Scheme document.

i. Reconciliation of outstanding share options

₹ in Lakhs

Particulars	As at March 31, 2020		As at March 31, 2019	
	Weighted average exercise price per option	Number of options	Weighted average exercise price per option	Number of options
Outstanding at beginning of year	50.03	3,30,600	46.22	3,62,000
Forfeited during the year	85.00	1,000	-	-
Exercised during the year	12.19	1,78,450	61.15	43,900
Granted during the year	674.40	9,000	130.00	12,500
Outstanding as at end of year	121.63	1,60,150	50.03	3,30,600
Exercisable at March 31	**101.93**	**42,750**	**21.75**	**1,16,400**

The weighted average share price at the date of exercise of options exercised during the year ended ended March 31, 2020 is INR 2,122.87/- (March 31, 2019 : INR 1,326.89/-)

For the options outstanding at the end of the year:

₹ in Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Weighted average remaining contractual life (in years)	5.43	6.2
Range of exercise prices (INR)	10-674	10-130

ii. Expense recognised in the statement of profit and loss

₹ in Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Total Expense	168.03	267.83

iii. Measurement of fair values

The fair value of options have been estimated on the dates of each grant using the Black Scholes model. As the Company is unlisted, the expected price volatility is based on historical volatility (based on the remaining life of the options) in share prices of a listed proxy. The various inputs considered in the pricing model for the stock options granted by the Company during the year are as follows:

₹ in Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Weighted average share price (INR)	2,128.91	698.00
Share price on Grant date (INR)	2,128.91	698.00
Exercise price (INR)	674.4	130.00
Fair value of options at grant date (INR)	1,591.82 - 1,716.24	595.47 - 620.03
Expected volatility	31.06% - 33.56%	29.28% - 30.89%
Option term	3.54-7.54 years	3.54-7.54 years
Expected dividends	Nil	Nil
Risk free interest rate	6.25%	6.70% - 6.75%

42. Related party disclosures

a. Name of the related parties and nature of relationship:

Key Management Personnel :

D Lakshmipathy, Chairman and Managing Director
K Rangarajan, Chief Executive Officer (from May 22, 2018)
G Srikanth, Chief Financial Officer
B Shalini, Company Secretary
R Anand, Independent Director
Bhama Krishnamurthy, Independent Director
B Haribabu, Independent Director
A Ramanathan, Independent Director
L R Ravi Prasad, Non-executive Director
V Thirulokchand, Non-executive Director
Kalpana Iyer (upto April 30, 2018)

Director and relative of Key Management Personnel / Director

L Hema, Wife of Mr. D. Lakshmipathy
R Deenadayalan, Father of Mr. D. Lakshmipathy
B Sudha, Sister of Mr. D. Lakshmipathy
R Bhuvaneswari, Wife of Mr. L.R Ravi Prasad
L R Deepak Krishna, Son of Mr. L.R Ravi Prasad
L R Venkatesh, Son of Mr. L.R. Ravi Prasad
H Srinivasan, Son of Mr.B. Hari Babu

Entities with substantial interest over the company

Matrix Partners India Investment Holdings II, LLC (upto 3 August, 2018)
TPG Asia VII SF Pte. Ltd.(from 29, August 2019)
M/s.NHPEA Chocolate Holding B.V. (upto 29, August 2019)

₹ in Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
b. Key management personnel compensation		
D Lakshmipathy	503.51	344.44
K Rangarajan	187.75	181.67
G Srikanth	104.69	99.00
B Shalini	7.75	5.24
R Anand	5.50	4.60
Bhama Krishnamurthy	5.25	4.35
B Haribabu	5.05	3.70
A Ramanathan	5.40	4.30
L R Ravi Prasad	4.80	3.70
V Thirulokchand	4.50	3.70
Kalpana Iyer	-	0.20

Managerial remuneration above does not include gratuity and leave encashment benefit, since the same is computed actuarially for all the employees and the amount attributable to the managerial person cannot be ascertained separately.

Compensation to independent and non-executive directors represent commission and sitting fees paid.

c. Details of related party transactions		
Nature of transaction		
Interest expense		
L Hema	-	0.01
B Sudha	-	0.06
K Boopathi	-	0.27
R Bhuvaneshwari	0.01	0.13
L R Deepak Krishna	0.29	3.94
L R Ravi Prasad	0.03	0.35
L R Venkatesh	0.24	3.13
Issue of equity shares*		
TPG Asia VII SF Pte. Ltd.	133.23	-
NHPEA Chocolate Holding B.V.	-	66.63
D Lakshmipathy	15.25	-
K Rangarajan	0.64	-
G Srikanth	0.45	-
Receipt of share premium*		
TPG Asia VII SF Pte. Ltd.	31,366.78	-
NHPEA Chocolate Holding B.V.	-	8,733.35
D Lakshmipathy	137.25	-
K Rangarajan	5.76	-
G Srikanth	4.03	-

* excludes shares issued pursuant to Employee stock options

₹ in Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Nature of transaction		
Loans repaid		
L Hema	-	0.10
B Sudha	-	1.00
K Boopathi	-	4.50
R Bhuvaneshwari	1.15	-
L R Deepak Krishna	34.30	-
L R Ravi Prasad	3.00	-
L R Venkatesh	27.20	-
H Srinivasan	-	0.32
Year end balances : Borrowings		
R Bhuvaneshwari	-	1.15
L R Deepak Krishna	-	34.30
L R Ravi Prasad	-	3.00
L R Venkatesh	-	27.20
Year end balances : Others		
D Lakshmipathy	100.17	80.06
K Rangarajan	33.55	28.76
G Srikanth	10.72	9.84
R Anand	2.70	2.03
Bhama Krishnamurthy	2.70	2.03
B Haribabu	2.70	2.03
A Ramanathan	2.70	2.03
L R Ravi Prasad	2.70	2.03
V Thirulokchand	2.70	2.03

43. Capital

The Company maintains an actively managed capital base to cover risks inherent in the business and is meeting the capital adequacy requirements of the regulator, Reserve Bank of India (RBI). The adequacy of the Company's capital is monitored using, among other measures, the regulations issued by RBI.

The Company has complied in full with all its externally imposed capital requirements over the reporting period.

Capital management

The primary objectives of the Company’s capital management policy is to ensure that the Company complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value.

The Company manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes have been made to the objectives, policies and processes from the previous years. However, they are under constant review by the Board.

i. Net Debt to Equity Ratio

Consistent with the others in industry, the company monitors the capital on the basis of gearing ratio (Net debt divided by equity). Under the terms of the major borrowing facilities, the company is required to maintain the gearing ratio in line with the RBI guidelines or in a slightly more conservative manner. The actual gearing stipulated differs between the various lending agreements. The company has complied with this covenant through out the year.

₹ in Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Equity	1,94,458.05	1,36,512.81
Debt	2,36,369.32	96,002.95
Cash and Cash equivalents	28,977.95	21,965.73
Net Debt	**2,07,391.37**	**74,037.22**
Net Debt to Equity Ratio	**1.07**	**0.54**

ii. Regulatory capital

The company has to mandatorily comply with the capital adequacy requirements stipulated by Reserve Bank of India from time to time. Capital adequacy ratio or capital-to-risk weighted assets ratio (CRAR) is computed by dividing company's Tier I and Tier II capital by risk weighted assets.

Tier I capital comprised of share capital, share premium, retained earnings including current year profit and Tier II capital comprises of provision on standard assets. Risk weighted assets represents the weighted sum of company's credit exposures based on their risk.

₹ in Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Tier I Capital	1,84,777.38	1,34,540.36
Tier II Capital	-	1,262.20
Total Capital	**1,84,777.38**	**1,35,802.56**
CRAR%	52.94	64.09
CRAR - Tier I Capital%	52.94	63.49
CRAR - Tier II Capital%	-	0.60
Amount of subordinated debt raised as Tier-II capital	-	-
Amount raised by issue of perpetual debt instruments	-	-

Tier I capital consists of shareholders' equity and retained earnings. Tier II Capital consists of general provision and loss reserve against stage 1 assets. Credit enhancement relating to securitisation has been adjusted against Tier I and Tier II capital in accordance with RBI circular DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020. Tier 1 and Tier II capital has been reported on the basis of Ind AS financial information.

The regulatory capital information disclosed as at March 31, 2019 has been restated as mentioned in note no. 50.

44. Fair Value Measurement

a. Financial instruments by category

The carrying value and fair value of financial instruments by categories as of March 31, 2020 are as follows:

₹ in Lakhs

Particulars	Carrying amount			
	Amortised cost	Fair value through profit or loss	Other financial liabilities	Total carrying value
Assets:				
Cash and cash equivalents	28,977.95	-	-	28,977.95
Bank balances other than cash and cash equivalents	16,134.94	-	-	16,134.94
Loans	3,83,080.44	-	-	3,83,080.44
Other financial assets	524.57	-	-	524.57
Total	**4,28,717.90**	**-**	**-**	**4,28,717.90**
Liabilities:				
Trade payables	662.40	-	-	662.40
Debt securities	1,07,886.42	-	-	1,07,886.42
Borrowings (Other than debt securities)	1,28,482.89	-	-	1,28,482.89
Other financial liabilities	-	-	1,568.10	1,568.10
Total	**2,37,031.72**	**-**	**1,568.10**	**2,38,599.82**

The carrying value and fair value of financial instruments by categories as of March 31, 2019 are as follows:

₹ in Lakhs

Particulars	Carrying amount			
	Amortised cost	Fair value through profit or loss	Other financial liabilities	Total carrying value
Assets:				
Cash and cash equivalents	21,965.73	-	-	21,965.73
Bank balances other than cash and cash equivalents	6.88	-	-	6.88
Loans	2,09,586.40	-	-	2,09,586.40
Other financial assets	285.89	-	-	285.89
Total	**2,31,844.90**	**-**	**-**	**2,31,844.90**
Liabilities:				
Trade payables	292.69	-	-	292.69
Debt securities	43,350.77	-	-	43,350.77
Borrowings (Other than debt securities)	52,652.18	-	-	52,652.18
Other financial liabilities	-	-	6.88	6.88
Total	**96,295.64**	**-**	**6.88**	**96,302.52**

Note:

For all of the Company's assets and liabilities which are not carried at fair value, disclosure of fair value is not required as the carrying amounts approximates the fair values.

45. Maturity Analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

₹ in Lakhs

Particulars	As at March 31, 2020			As at March 31, 2019		
	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total
Assets						
Financial assets						
Cash and cash equivalents	28,977.95	-	28,977.95	21,965.73	-	21,965.73
Bank balances other than cash and cash equivalents	13,658.72	2,476.21	16,134.94	6.88	-	6.88
Loans	41,092.95	3,41,987.49	3,83,080.44	28,526.34	1,81,060.06	2,09,586.40
Other financial assets	201.49	323.08	524.57	285.89	-	285.89
Total	**83,931.11**	**3,44,786.79**	**4,28,717.90**	**50,784.84**	**1,81,060.06**	**2,31,844.90**
Non-financial assets						
Current tax assets (net)	435.46	-	435.46	360.01	-	360.01
Deferred tax assets (net)	-	2,822.96	2,822.96	-	1,464.46	1,464.46
Investment property	-	3.56	3.56	-	3.56	3.56
Property, plant and equipment	-	1,106.09	1,106.09	-	744.41	744.41
Right of use asset	-	1,488.00	1,488.00	-	-	-
Other intangible assets	-	192.80	192.80	-	201.80	201.80
Other non-financial assets	475.86	72.76	548.62	339.32	24.49	363.81
Total	**911.32**	**5,686.17**	**6,597.49**	**699.33**	**2,438.72**	**3,138.05**
Total assets	**84,842.43**	**3,50,472.96**	**4,35,315.39**	**51,484.17**	**1,83,498.78**	**2,34,982.95**

₹ in Lakhs

Particulars	As at March 31, 2020			As at March 31, 2019		
	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total
LIABILITIES AND EQUITY						
Financial liabilities						
Payables						
Trade payables						
total outstanding dues of micro and small enterprises	-	-	-	-	-	-
total outstanding dues of creditors other than micro and small enterprises	662.40	-	662.40	292.69	-	292.69
Debt securities	24,245.73	83,640.69	1,07,886.42	4,612.24	38,738.53	43,350.77
Borrowings (other than debt securities)	38,970.37	89,512.52	1,28,482.89	19,164.86	33,487.32	52,652.18
Other financial liabilities	520.11	1,047.99	1,568.10	6.88	-	6.88
Total	**64,398.61**	**1,74,201.20**	**2,38,599.81**	**24,076.67**	**72,225.85**	**96,302.52**
Non-financial liabilities						
Current tax liabilities (net)	74.80	-	74.80	162.17	-	162.17
Provisions	531.27	46.34	577.61	361.61	14.65	376.26
Other non-financial liabilities	1,605.12	-	1,605.12	1,629.19	-	1,629.19
	2,211.20	**46.34**	**2,257.53**	**2,152.97**	**14.65**	**2,167.61**
Total liabilities	**66,609.80**	**1,74,247.54**	**2,40,857.34**	**26,229.64**	**72,240.50**	**98,470.14**
Net worth			**1,94,458.05**			**1,36,512.81**

46. Financial risk management objectives and policies

The Company's principal financial liabilities majorly comprise of borrowings from banks, debentures and trade payables. The main purpose of these financial liabilities is to finance the Company's operations and to support its operations. The Company's financial assets include loan and advances, cash and cash equivalents that derive directly from its operations.

The Company's activities expose it to a variety of financial risks, as listed below apart from various operating and business risks.

Market risk

Credit risk and

Liquidity risk

This note explains the sources of risks arising from financial instruments which the entity is exposed to and how the Company manages the risk.

Risk management framework

The Company’s board of directors and risk council has overall responsibility for the establishment and oversight of the Company’s risk management framework. The board of directors and risk management council along with the top management are responsible for developing and monitoring the Company’s risk management policies.

The Company’s risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company’s activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company’s risk management council oversees how management monitors compliance with the Company’s risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company’s performance to developments affecting a particular industry or geographical location.

In order to avoid excessive concentrations of risk, the Company’s policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

(i) Market risk

Market risk is the risk that changes in market prices - such as foreign exchange rates, interest rates and equity prices which will affect the Companies income or the value of holdings of financial instruments. The company does not have exposure to currency risk and security price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return.

Interest rate risk

Interest rate risk primarily arises from borrowings with variable rates. The company’s borrowings are carried at amortised cost. The borrowings with fixed rates are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

The interest rate profile of the Company's interest bearing financial instruments is as follows: ₹ in Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Fixed rate instruments		
Financial assets	4,15,079.10	2,10,610.77
Financial liabilities	1,68,586.62	64,038.68
Total	**5,83,665.72**	**2,74,649.45**
Variable rate instruments		
Financial assets	-	-
Financial liabilities	67,782.69	31,964.26
Total	**67,782.69**	**31,964.26**

₹ in Lakhs

	Profit / loss		Equity, net of tax	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
31-Mar-20				
Variable-rate instruments	(427.17)	427.17	(107.52)	107.52
Cash flow sensitivity (net)	(427.17)	427.17	(107.52)	107.52
31-Mar-19				
Variable-rate instruments	(48.32)	48.32	(35.06)	35.06
Cash flow sensitivity (net)	(48.32)	48.32	(35.06)	35.06

(ii) Credit risk

Loans and advances

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's loans advances and other financial assets. The carrying amount of financial assets represents the maximum credit exposure. The company has Credit policy approved by the Board of Directors, which is subject to annual review. The Company manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and for geographical and industry concentrations, and by monitoring exposures in relation to such limits.

The Company has established a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties, including regular collateral revisions, as defined in the Credit policy. Counterparty limits are established by the use of a credit risk classification system, which assigns each counterparty a risk rating. The credit quality review process aims to allow the Company to assess the potential loss as a result of the risks to which it is exposed and take corrective actions.

The disclosure of maximum exposure to credit risk without taking into account any collateral held or other credit enhancements has not been provided for financial assets, as their carrying amount best represent the maximum exposure to credit risk. All the loans provided are secured against mortgage of land and/or building. The fair value of the collateral is determined on the guidelines prescribed in the collateral management policy as approved by the Board of Directors.

Impairment assessment - Expected credit loss ("ECL"):

An impairment analysis is performed at each reporting date based on the facts and circumstances existing on that date to identify expected losses on account of time value of money and credit risk. For the purposes of this analysis, the loan receivables are categorised into groups based on days past due. Each group is then assessed for impairment using the Expected Credit Loss (ECL) model as per the provisions of Ind AS 109 - financial instruments. The Company's impairment assessment and measurement approach is set out in this report. It should be read in conjunction with the Summary of significant accounting policies.

ECL on financial assets is an unbiased probability weighted amount based out of possible outcomes after considering risk of credit loss even if probability is low. ECL is calculated based on the following components:

a. Marginal probability of default ("MPD")
b. Loss given default ("LGD")
c. Exposure at default ("EAD")
d. Discount factor ("D")

Marginal probability of default:
PD is defined as the probability of whether borrowers will default on their obligations in the future. Historical PD is derived from the internal data which is calibrated with forward looking macroeconomic factors.

For computation of probability of default ("PD"), Vaseick Model was used to forecast the PD term structure over lifetime of loans. As per given long term PD and current macroeconomic conditions, conditional PD corresponding to current macroeconomic condition is estimated. The Company has worked out on PD based on the last six years historical data.

Marginal probability:
The PDs derived from the model, are the cumulative PDs, stating that the borrower can default in any of the given years, however to compute the loss for any given year, these cumulative PDs have to be converted to marginal PDs. Marginal PDs is probability that the obligor will default in a given year, conditional on it having survived till the end of the previous year.

Conditional marginal probability:
As per Ind AS 109, expected loss has to be calculated as an unbiased and probability-weighted amount for multiple scenarios. The probability of default was calculated for 3 scenarios: best , worst and base. This weightage has been decided on best practices and expert judgement. Marginal conditional probability was calculated for all 3 possible scenarios and one conditional PD was arrived as conditional weighted probability.

Staging of loans:
Definition of default and cure
The Company considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the loan has remained overdue for a period greater than 90 days.

It is the Company's policy to consider a financial instrument as 'cured' and therefore re-classified out of Stage 3 when the loan becomes less than or equal to 90 days past due on its contractual obligations. Such cured loans are classified as Stage 1 or 2 depending upon the days past due after such cure has taken place.

As per Ind AS 109, Company assesses whether there is a significant increase in credit risk at the reporting date from the initial recognition. Company has staged the assets based on the Day past dues criteria and other market factors which significantly impacts the portfolio.

Days past dues status	Stage	Provisions
Current	Stage 1	12 Months Provision
1-30 Days	Stage 1	12 Months Provision
31-90 Days	Stage 2	Lifetime Provision
90+ Days	Stage 3	Lifetime Provision

Company's internal rating and PD estimation process

The Company's independent Credit Risk Department operates its internal rating models, in which customers are rated from Low to High using internal grades. The models incorporate both qualitative and quantitative information in addition to information specific to the borrower, utilise supplemental external information that could affect the borrower's behaviour.

Exposure at default

The exposure at default (EAD) represents the gross carrying amount of the financial instruments subject to the impairment calculation, addressing both the client's ability to increase its exposure while approaching default and potential early repayments too.

To calculate the EAD for a Stage 1 loan, the Company assesses the possible default events within 12 months for the calculation of the 12mECL. However, if a Stage 1 loan that is expected to default in the 12 months from the balance sheet date and is also expected to cure and subsequently default again, then all linked default events are taken into account.

The Company determines EADs by modelling the range of possible exposure outcomes at various points in time, corresponding the multiple scenarios. The Ind AS 109 PDs are then assigned to each economic scenario based on the outcome of models.

Loss given default

The credit risk assessment is based on a standardised LGD assessment framework that results in a certain LGD rate. These LGD rates take into account the expected EAD in comparison to the amount expected to be recovered or realised from any collateral held.

The Company segments its retail lending products into smaller homogeneous portfolios, based on key characteristics that are relevant to the estimation of future cash flows. The applied data is based on historically collected loss data and involves a wider set of transaction characteristics (e.g., product type, wider range of collateral types) as well as borrower characteristics.

Further recent data and forward-looking economic scenarios are used in order to determine the Ind AS 109 LGD rate for each group of financial instruments. When assessing forward-looking information, the expectation is based on multiple scenarios. Examples of key inputs involve changes in, collateral values including property prices for mortgages, commodity prices, payment status or other factors that are indicative of losses in the group.

Under Ind AS 109, LGD rates are estimated for the Stage 1, Stage 2, Stage 3 and POCI Ind AS 109 segment of each asset class. The inputs for these LGD rates are estimated and, where possible, calibrated through back testing against recent recoveries. These are repeated for each economic scenario as appropriate.

Discounting:

As per Ind AS 109, ECL is computed by estimating the timing of the expected credit shortfalls associated with the defaults and discounting them using effective interest rate.

Significant increase in credit risk

The Company continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12mECL or LTECL, the Company assesses whether there has been a significant increase in credit risk since initial recognition. The Company considers the credit risk to be directly proportional to the delinquency status i.e. days past due of the loan under consideration. No further adjustments are made in the PD. When estimating ECLs on a collective basis for a group of similar assets the Company applies the same principles for assessing whether there has been a significant increase in credit risk since initial recognition.

Grouping financial assets measured on a collective basis

The Company calculates ECL on a collective basis for all asset classes.

The Company combines these exposure into smaller homogeneous portfolios, based on the characteristics of the loans, as described below:

Geographic location

Loan type

Ticket size

ECL computation:

Conditional ECL at DPD pool level was computed with the following method:

Conditional ECL for year (yt) = EAD (yt) * conditional PD (yt) * LGD (yt) * discount factor (yt)

The calculation is based on provision matrix which considers actual historical data adjusted appropriately for the future expectations and probabilities. Proportion of expected credit loss provided for across the stage is summarised below:

₹ in Lakhs

Particulars	Provisions	As at March 31, 2020	As at March 31, 2019
Stage 1	12 month provision	0.48%	0.15%
Stage 2	Life time provision	8.70%	4.58%
Stage 3	Life time provision	17.70%	23.14%

The loss rates are based on actual credit loss experience over past years. These loss rates are then adjusted appropriately to reflect differences between current and historical economic conditions and the Company's view of economic conditions over the expected lives of the loan receivables. Movement in provision of expected credit loss has been provided in below note.

Analysis of changes in the gross carrying amount and the corresponding ECL allowances:

₹ in Lakhs

Particulars	As at March 31, 2020				As at March 31, 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount Opening balance	**1,87,880.35**	**21,533.13**	**1,867.19**	**2,11,280.67**	**85,955.10**	**13,021.03**	**1,761.16**	**1,00,737.29**
Asset derecognised or repaid (excluding write-off)	(17,956.55)	(3,455.54)	(219.57)	(21,631.66)	(10,843.06)	(2,349.86)	(176.68)	(13,369.60)
Assets partially repaid	(16,748.09)	(3,911.22)	(321.15)	(20,980.46)	(7,896.32)	(2,271.11)	-	(10,167.43)
Roll forwards to higher stages	(27,683.30)	(3,096.31)	-	(30,779.61)	(11,453.82)	(608.04)	-	(12,061.86)
Roll forward from lower stages	-	26,409.54	4,370.07	30,779.61	-	11,285.94	775.92	12,061.86
Roll back from higher stages	2,241.23	48.46	-	2,289.69	-	(1,898.41)	(327.64)	(2,226.05)
Roll back to lower stages	-	(2,218.83)	(70.86)	(2,289.69)	1,993.21	232.84	-	2,226.05
Amount written off	-	-	(486.06)	(486.06)	-	-	(175.88)	(175.88)
New assets originated	2,15,498.64	5,358.71	183.01	2,21,040.36	1,30,125.24	4,120.74	10.31	1,34,256.29
Gross carrying amount Closing balance	**3,43,232.28**	**40,667.94**	**5,322.63**	**3,89,222.85**	**1,87,880.35**	**21,533.13**	**1,867.19**	**2,11,280.67**

Reconciliation of ECL balance is given below:

Particulars	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	**276.63**	**985.59**	**432.05**	**1,694.27**	**208.92**	**539.69**	**365.86**	**1,114.46**
Addition during the year	1,449.27	2,875.93	1,046.09	5,371.29	99.99	545.88	144.30	790.17
Reversal / Utilization during the year	(64.49)	(322.64)	(536.02)	(923.15)	(32.27)	(99.98)	(78.11)	(210.36)
Closing provision of ECL	**1,661.41**	**3,538.88**	**942.12**	**6,142.41**	**276.63**	**985.59**	**432.05**	**1,694.27**

Analysis of inputs to the ECL model under multiple economic scenarios

An overview of the approach to estimating ECLs is set out in Note 3.5 Summary of significant accounting policies. ECL on financial assets is an unbiased probability weighted amount based out of possible outcomes after considering risk of credit loss even if probability is low. ECL is calculated based on the following components:

The following tables outline the impact of multiple scenarios on the allowance based on macro-economic factors considered:

₹ in Lakhs

ECL Scenario	As at March 31, 2020	As at March 31, 2019
Best case	5,372.70	1,378.65
Base case	5,809.36	1,642.87
Worst case	6,397.23	2,018.03

Analysis of credit concentration risks

The Company's concentrations of risk are managed by counterparty and geography. The maximum credit exposure to any individual client or counterparty as of March 31, 2020 was INR 71.83 Lakhs (March 31, 2019: INR 107.77 Lakhs).

The following table shows the risk concentration of loan portfolio by geography.

₹ in Lakhs

Geography	As at March 31, 2020	As at March 31, 2019
Tamil Nadu	1,64,585.54	1,00,925.01
Karnataka	25,946.28	11,354.30
Andhra Pradesh	1,07,903.48	62,278.32
Telangana	74,414.92	34,402.67
Others	16,372.63	2,320.37
Total	**3,89,222.85**	**2,11,280.67**

Cash and bank balances

The Company held cash and cash equivalents with credit worthy banks and financial institutions as at the reporting dates which has been measured on the 12-month expected loss basis. The credit worthiness of such banks and financial institutions are evaluated by the management on an ongoing basis and is considered to be good with low credit risk.

Other financial assets

This balance is primarily constituted by security deposits and advance to employees. The Company does not expect any losses from non-performance by these counter-parties.

(iii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company is bound to comply with the Asset Liability Management guidelines issued by Reserve Bank of India. The company has Asset Liability Management policy approved by the board and has constituted Asset Liability Committee to oversee the liquidity risk management function of the company. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company's principal sources of liquidity are borrowings, cash and cash equivalents and the cash flow that is generated from operations.

The Company believes that the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived. In addition, the Company maintains the following undrawn borrowing facilities :

₹ in Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Cash Credit facilities	2,300.00	1,836.93
Others	55,000.00	57,000.00
Total	**57,300.00**	**58,836.93**

The cash credit facilities may be drawn anytime and may be terminated at any time without notice.

Exposure to liquidity risk

The table below provides details regarding the contractual maturities of financial liabilities and assets including interest as at March 31, 2020:

₹ in Lakhs

	Carrying amount	Less than 1 year	1-2 years	2-5 years	More than 5 years
Financial Liabilities					
Debt Securities	1,07,886.42	24,245.73	66,027.29	17,613.40	-
Borrowings (Other than Debt Securities)	1,28,482.89	38,970.37	36,641.10	50,874.47	1,996.95
Other payables	662.40	662.40	-	-	-
Other financial liabilities	1,568.10	520.11	409.12	509.92	128.95
Total	**2,38,599.81**	**64,398.61**	**1,03,077.51**	**68,997.79**	**2,125.90**
Financial Assets					
Cash and cash equivalents	28,977.95	28,977.95	-	-	-
Bank Balances other than cash and cash equivalents	16,134.94	13,658.72	-	1,719.47	756.75
Loans	3,83,080.44	41,092.95	56,621.26	2,00,946.93	84,419.30
Other Financial assets	524.57	201.49	82.85	203.89	36.34
Total	**4,28,717.90**	**83,931.11**	**56,704.11**	**2,02,870.29**	**85,212.39**

The table below provides details regarding the contractual maturities of financial liabilities and assets including interest as at March 31, 2019:

	Carrying amount	Less than 1 year	1-2 years	2-5 years	More than 5 years
Financial Liabilities					
Debt Securities	43,350.77	4,612.24	10,796.15	27,942.38	-
Borrowings (Other than Debt Securities)	52,652.18	19,164.86	16,966.03	16,432.50	88.79
Other payables	292.69	292.69	-	-	-
Other financial liabilities	6.88	6.88	-	-	-
Total	**96,302.52**	**24,076.67**	**27,762.18**	**44,374.88**	**88.79**
Financial Assets					
Cash and cash equivalents	21,965.73	21,965.73	-	-	-
Bank Balances other than cash and cash equivalents	6.88	6.88	-	-	-
Loans	2,09,586.40	28,526.34	32,391.54	1,02,143.34	46,525.18
Other Financial assets	285.89	285.89	-	-	-
Total	**2,31,844.90**	**50,784.84**	**32,391.54**	**1,02,143.34**	**46,525.18**

47. Disclosures required as per RBI Circulars/Directives

A. Schedule to the Balance Sheet of a Non-Banking Financial Company as required under Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016

₹ in Lakhs

Particulars	As at March 31, 2020		As at March 31, 2019	
	Amount Outstanding	Amount Overdue	Amount Outstanding	Amount Overdue
Liabilities side				
1. Loans and Advances availed by the non-banking financial company, inclusive of interest accrued thereon but not paid				
a. Debentures				
i. Secured	1,07,886.42	-	43,350.77	-
ii. Unsecured				-
b. Deferred Credits	-	-	-	-
c. Term Loans	1,28,482.89	-	51,717.04	-
d. Inter-corporate loans and borrowings	-	-	-	-
e. Commercial Paper	-	-	-	-
f. Public Deposits				
g. Other loans	-	-	-	-
Loans repayable on demand (secured) - From Banks	-	-	863.07	-
Loans from related parties (unsecured)	-	-	65.65	-
Loans from others (unsecured)			6.42	
Borrowings under securitisation	34,088.32	-	-	-
2. Break-up of (1) (f) above (outstanding public deposits inclusive of interest accrued thereon but not paid) :				
a. In the form of Unsecured debentures	-	-	-	-
b. In the form of party secured debentures i.e debentures where there is a shortfall in the value of security	-	-	-	-
c. Other public deposits	-	-	-	-

₹ in Lakhs

Particulars	Amount Outstanding as on March 31, 2020	Amount Outstanding as on March 31, 2019
Assets side		
3. Break-up of Loans and Advances, including Bills Receivables		
a. Secured	3,83,080.44	2,09,586.40
b. Unsecured	-	-
4. Break up of Leased Assets and Stock on Hire and Other Assets counting towards AFC activities		
(i). Leased assets including lease rentals under Receivables		
a. Financial lease	-	-
b. Operating lease	-	-

₹ in Lakhs

Particulars	Amount Outstanding as on March 31, 2020	Amount Outstanding as on March 31, 2019
(ii). Stock on hire including hire charges under Receivables		
a. Assets on hire	-	-
b. Repossessed assets	-	-
(iii). Other loans counting towards AFC activities		
a. Loans where assets have been repossessed (net)	-	-
b. Loans other than (i) above	-	-
5. Break-up of Investments		
a. Current Investments		
1. Quoted		
i. Shares		
a. Equity	-	-
b. Preference	-	-
ii. Debentures and Bonds	-	-
iii. Units of Mutual Funds	-	-
iv. Government Securities	-	-
v. Others	-	-
2. Unquoted		
i. Shares		
a. Equity	-	-
b. Preference	-	-
ii. Debentures and Bonds	-	-
iv. Government Securities	-	-
v. Others	-	-
b. Long-term Investments		
1. Quoted		
i. Shares		
a. Equity	-	-
b. Preference	-	-
ii. Debentures and Bonds	-	-
iii. Units of Mutual Funds	-	-
iv. Government Securities	-	-
v. Others	-	-
2. Unquoted		
i. Shares		
a. Equity	-	-
b. Preference	-	-
ii. Debentures and Bonds	-	-
iii. Units of Mutual Funds	-	-
iv. Government Securities	-	-
v. Others	-	-

6. Borrower group-wise classification of assets financed in 3 and 4 above

₹ in Lakhs

Category	Amount [Net of Provisions]					
	As at March 31, 2020			As at March 31, 2019		
	Secured	Unsecured	Total	Secured	Unsecured	Total
a. Related Parties						
i. Subsidiaries	-	-	-	-	-	-
ii. Companies in the same group	-	-	-	-	-	-
iii. Other Related Parties	-	-	-	-	-	-
b. Other than Related Parties	3,83,080.44	-	3,83,080.44	2,09,586.40	-	2,09,586.40
Total	**3,83,080.44**	**-**	**3,83,080.44**	**2,09,586.40**	**-**	**2,09,586.40**

7. Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted)

₹ in Lakhs

Category	As at March 31, 2020		As at March 31, 2019	
	Market value / breakup or Fair value or NAV	Book Value (Net of Provisions)	Market value / breakup or Fair value or NAV	Book Value (Net of Provisions)
a.Related Parties				
i. Subsidiaries	-	-	-	-
ii. Companies in the same group	-	-	-	-
iii. Other Related Parties	-	-	-	-
b. Other than Related Parties	-	-	-	-
Total	**-**	**-**	**-**	**-**

₹ in Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
8. Other Informations		
a. Gross Non-Performing Assets (stage 3 assets)		
i. Related Parties	-	-
ii. Other than Related Parties	5,322.63	1,867.19
b. Net Non-Performing Assets (stage 3 assets)		
i. Related Parties	-	-
ii. Other than Related Parties	4,380.51	1,435.14
c. Assets acquired in satisfaction of debt	-	-

Additional Disclosure pursuant to Reserve Bank of India notification DNBR (PD) CC. No.029/03.10.001/ 2014-15 dated April 10, 2015

B. Derivatives (Forward rate agreement / interest rate swap)

There has been no forward rate contracts / interest rate swaps or any other derivative transactions carried out by the Company during the year ended March 31, 2020 and March 31, 2019.

C. Investments

₹ in Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
1. Value of Investments		
i. Gross value of investments		
a. In India	-	-
b. Outside India	-	-
ii. Provision for depreciation		
a. In India	-	-
b. Outside India	-	-
iii. Net value of investments		
a. In India	-	-
b. Outside India	-	-
2. Movement of provisions held towards depreciation on investments		
i. Opening balance	-	-
ii. Add : Provisions made during the year	-	-
iii. Less : Write-off / write-back of excess provisions during the year	-	-
iv. Closing balance	-	-

D. Exposure to Real Estate Sector

₹ in Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
1. Direct exposure		
i. Residential Mortgages		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	3,89,222.85	2,11,251.44
ii. Commercial Real Estate		
Lending secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.).	-	29.23

₹ in Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
iii. Investments in Mortgage Backed Securities (MBS) and other securitised exposures		
a. Residential	-	-
b. Commercial Real Estate	-	-
Total exposure to Real Estate sector (gross)	**3,89,222.85**	**2,11,280.67**
E. Customer Complaints		
No. of complaints pending at the beginning of the year	-	-
No. of complaints received during the year	15	38
No. of complaints redressed during the year	15	38
No. of complaints pending at the end of the year	-	-

F. Exposure to Capital Market

The Company does not have any exposure to capital market and hence this disclosure is not applicable.

G. Concentration of Advances		
Total Advances during the year to twenty largest borrowers	627.50	788.00
Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	0.26%	0.53%
H. Concentration of exposures		
Total exposure to twenty largest borrowers	926.44	877.66
Percentage of exposures to twenty largest borrowers to Total exposure of the NBFC	0.24%	0.42%
I. Concentration of NPAs (Stage 3 assets)		
Total exposure to top four NPA accounts	145.77	108.32

J. Ratings assigned by Credit Rating Agencies

The Credit Analysis & Research Limited (CARE), CRISIL Limited (CRISIL) and ICRA Limited (ICRA) have assigned ratings for the various facilities availed by the Company, details of which are given below:

Commercial Paper		
- CARE	A1	A1
Long term Bank Facilities		
- CARE	A	A
- ICRA	A	A
Short term bank facilities		
- CARE	A1	A1
Non Convertible Debentures		
- CARE	A	A
- ICRA	A	A
- CRISIL	BBB+	BBB+
Securitization		
- ICRA	AA+ (SO)/ AA-(SO)/AA(SO)	-

Particulars	Percentage of NPAs to total advances in that sector	
	As at March 31, 2020	As at March 31, 2019
K. Sector-wise Gross NPAs (Stage 3 assets)		
Agriculture & allied activities	-	-
MSME*	44.61%	29.93%
Corporate borrowers	-	-
Services*	1.55%	0.95%
Unsecured personal loans	-	-
Auto loans (commercial vehicles)	-	-
Other personal loans	0.88%	0.57%

* Represents small business loans given to borrowers involved in manufacturing/service sectors.

The above sector-wise NPA and advances is based on the data available with the company and filed with Reserve Bank of India, which has been relied upon by the auditors.

Particulars	As at March 31, 2020	As at March 31, 2019
L. Movement of NPAs (Stage 3 assets)		
Gross NPAs to Net Advances (%)	**1.37%**	**0.89%**
Net NPAs to Net Advances (%)	**1.13%**	**0.68%**
Movement of NPAs (Gross)		
(a) Opening balance	1,867.19	1,761.16
(b) Additions during the year	4,553.08	786.23
(c) Reductions during the year	(611.58)	(504.32)
(d) Write off	(486.06)	(175.88)
(d) Closing balance	5,322.63	1,867.19
Movement of Net NPAs		
(a) Opening balance	1,435.14	1,395.30
(b) Additions during the year	3,506.99	641.93
(c) Reductions during the year	(561.62)	(602.58)
(d) Closing balance	4,380.51	1,435.14
Movement of provisions for NPAs (excluding provisions on standard assets)		
(a) Opening balance	432.05	365.86
(b) Provisions made during the year	1,046.09	144.30
(c) Write-off / write-back of excess provisions	(536.02)	(78.11)
(d) Closing balance	942.12	432.05

M. Other Regulator - Registration details

Regulator	Registration No.
i. Ministry of Corporate Affairs	U65991TN1984PLC010844
ii. Reserve Bank of India	B-07.00286
iii. National Housing Bank*	05.0134.16

*Certificate of Registration has been surrendered to NHB on June 5, 2020

N. Disclosure of penalties imposed by RBI and other regulators

Company has paid a penalty of INR 15,000 to NHB during the year ended March 31, 2020 and Nil in March 31, 2019

O. Details of Single Borrower Limit (SGL)/ Group Borrower Limit (GBL)

The Company has not exceeded the prudential exposure limits during the year ended March 31, 2020 and March 31, 2019

P. Overseas assets (for those with joint ventures and subsidiaries abroad)

The Company does not have any joint ventures and subsidiaries abroad during the year ended March 31, 2020 and March 31, 2019 and hence this disclosure is not applicable.

Q. Details of financing of parent company products

The Company does not have a parent company and hence this disclosure is not applicable.

R. Details of non-performing financial assets purchased/ sold

The Company has not purchased any non-performing assets during the financial year ended March 31, 2020 and March 31, 2019.

S. Details of unsecured advances

The Company has not granted any advances against intangible securities (March 31, 2019: Nil).

T. Off-Balance Sheet SPVs sponsored

The Company does not have Off-Balance Sheet SPVs sponsored, which are required to be consolidated as per the accounting norms, during the financial year ended March 31, 2020 and March 31, 2019.

U. Remuneration to non-executive directors

The Company paid commission of INR 18 Lakhs and sitting fee of INR 12.50 lakhs during the year ended March 31, 2020 (March 31, 2019: Commission - INR 13.50 Lakhs, sitting fee - INR 11.05 lakhs)

V. Draw down from reserves

The Company has not made any draw down from reserves during the year ended March 31, 2020 and March 31, 2019.

₹ in Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
W. Provisions and Contingencies		
Category-wise Break up of 'Provisions and Contingencies' shown in the Statement of Profit and Loss		
Provisions for depreciation on investment	-	-
Provision towards non-performing assets*	996.42	241.56
Provision made towards income tax	10,056.07	6,977.77
Provision for compensated absences	379.48	148.50
Provision for gratuity	243.54	117.37
Provision for standard assets#	3,938.06	513.63

* Represents impairment loss allowance on stage 3 loans (Includes write-off of INR 486.06 lakhs (March 31, 2019 - INR 175.88 lakhs)

Represents impairment loss allowance on stage 1 and stage 2 loans.

X. Gold Loan Portfolio

The Company has not provided loan against gold during the year ended March 31, 2020 and March 31, 2019.

Y. Asset Liability Management - Maturity pattern of certain items of assets and liabilities

As at March 31, 2020

₹ in Lakhs

Particulars	Upto 1 month	Over 1 month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Liabilities									
Borrowings from Banks	2,341.42	2,436.19	2,405.62	6,837.51	13,553.82	35,943.95	14,071.03	-	77,589.54
Market Borrowings*	1,245.69	920.76	3,277.17	3,938.52	27,355.24	1,07,835.36	14,372.23	2,000.46	1,60,945.43
Assets									
Advances	4,721.32	2,063.73	2,099.79	6,464.20	28,255.60	1,24,413.99	1,41,019.11	85,853.50	3,94,891.24

As at March 31, 2019

₹ in Lakhs

Particulars	Upto 1 month	Over 1 month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Liabilities									
Borrowings from Banks	880.73	1,198.07	1,376.50	4,353.26	6,954.98	20,216.92	3,873.33	-	38,853.79
Market Borrowings*	433.97	645.45	1,227.06	1,549.14	5,669.26	23,166.15	24,846.92	88.79	57,626.74
Assets									
Advances	3,767.54	2,547.13	2,583.42	7,943.08	14,625.53	67,493.94	67,920.84	47,513.16	2,14,394.64

* Market borrowings include borrowings from all sources other than banks.

Notes:

- The balance are gross of impairment loss allowance (for stage 1 and stage 2 assets), accured interest and unamortised borrowing costs/ unamortised processing fee.
- The maturity pattern of advances as at March 31, 2020, represent estimated cashflows considering the moratorium given to the customers. Also refer note 51.
- The Company has obtained moratorium from the investors with respect to outstanding under securitisation arrangements. This has been given effect in maturity pattern of market borrowings as at March 31, 2020.

W. Disclosures in respect of fraud as per the Master Directions DNBS. PPD.01/66.15.001/2016-17, dated 29 September 2016

₹ in Lakhs

Particulars	Less than INR 1 Lakh		More than INR 1 Lakh less than INR 25 Lakh		Above INR 25 Lakh		Total	
	Number of Instances	₹ in lakhs	Number of Instances	₹ in lakhs	Number of Instances	₹ in lakhs	Number of Instances	₹ in lakhs
Person involved:								
Staff**	-	-	2	1.77	-	-	2	1.77
Outsiders	-	-	1	31.25	-	-	1	31.25
Total	**-**	**-**	**3**	**33.02**	**-**	**-**	**3**	**33.02**
Type of fraud:								
Cash Mishandling**	-	-	2	1.77	-	-	2	1.77
Others	-	-	1	31.25	-	-	1	31.25
Total	**-**	**-**	**3**	**33.02**	**-**	**-**	**3**	**33.02**

Note: **The amount has been recovered fully and the above frauds have already been disclosed to the RBI, wherever appicable.

AA. Disclosures Pursuant to Reserve Bank of India Guidelines on Securitisation Transactions RBI//2012-13/170 DNBS. PD. No. 301/3.10.01/2012-13 dated 21 August 2012 and Additional Disclosure pursuant to Reserve Bank of India notification DNBR (PD) CC. No.029/03.10.001/ 2014-15 dated April 10, 2015

Details of securitisation during the year Securitisation of Assets: ₹ in Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
No of Special Purpose Vehicle's (SPV's) sponsored by the NBFC for securitisation transactions (Nos.)	4	-
Total amount of securitised assets as per books of the SPVs sponsored by the NBFC#	33,395.95	-
Total amount of exposures retained by the NBFC to comply with Minimum Retention Ratio (MRR) as on the date of balance sheet		
a) Off-balance sheet exposures		
- First loss	-	-
- Others	-	-
b) On-balance sheet exposures		
- First loss	7,921.46	-
- Others	-	-
Amount of exposures to securitisation transactions other than MRR		
a) Off-balance sheet exposures		
i) Exposure to own securitisations		
- First loss	-	-
- Others	-	-
b) On-balance sheet exposures		
i) Exposure to own securitisations		
- First loss	-	-
- Others (Receivables from SPV's for Assets De-recognised)	-	-
ii) Exposure to third party securitisations		
- First loss	-	-
- Others	-	-

represents the value of securitised assets retained in the books of the NBFC as the assets were not de-recognised . Does not include value of overcollateralisation on loan assets.

The Company has neither entered into any assignment transaction nor sold financial assets to Securitisation / Reconstruction Company for Asset Reconstruction. Hence the related disclosures are not applicable.

AB. Disclosure relating to Securitisation pursuant to Reserve Bank of India notification DBOD. No.BP. 1502/21.04.048/ 2004-05 dated 1 February 2006*

Total number of contracts for loan assets securitised during the year	18,762	-
Book value of Loan assets securitised during the year*	39,886.34	-
Sale consideration received for securitised assets during the year	39,886.34	-
Gain/ Loss (if any) on sale of securitised loan assets	-	-
Quantum (Outstanding value) of service provided:	-	-
Credit Enhancement		
Fixed Deposit	2,405.63	-
Overcollateralisation	5,515.84	-

The securitised loans disclosed in the above notes (i.e 47-AA, 47-AB) do not qualify for de-recognition under Ind-AS. Nevertheless, the information in the notes is presented to ensure compliance with the RBI disclosure requirements.

* The value of overcollateralisation on loan assets, given as credit enhancement has not been considered here for the purpose of this disclosure.

The Company has neither entered into any assignment transaction nor sold financial assets to Securitisation / Reconstruction Company for Asset Reconstruction. Hence the related disclosures are not applicable.

AC. Disclosure pursuant to Reserve Bank of India notification DOR (NBFC).CC.PD.No No.109 /22.10.106/2019- 20 dated 13 March 2020 pertaining to Asset Classification as per RBI Norms

Comparison between Ind AS 109 provisions and IRACP norms
As at 31 March 2020

₹ in Lakhs

Asset Classification as per RBI norms	Asset Classification as per Ind AS 109	Gross carrying amount as per Ind AS	Loss allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provision required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
Performing assets						
Standard assets	Stage 1	3,43,232.28	1,661.41	3,41,570.87	1,373.10	288.31
	Stage 2	40,667.94	3,538.88	37,129.06	162.72	3,376.16
Subtotal		**3,83,900.22**	**5,200.29**	**3,78,699.93**	**1,535.82**	**3,664.47**
Non -Performing assets*						
Substandard	Stage 3	4,300.97	539.89	3,761.08	430.16	109.73
Doubtful						
Upto 1 year	Stage 3	720.64	101.21	619.43	144.23	(43.02)
1 to 3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful		**720.64**	**101.21**	**619.43**	**144.23**	**(43.02)**
Loss assets	Stage 3	301.02	301.02	-	301.02	-
Subtotal for NPA		**5,322.63**	**942.12**	**4,380.51**	**875.41**	**66.71**
Other items	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal for other items		**-**	**-**	**-**	**-**	**-**
Total		**3,89,222.85**	**6,142.41**	**3,83,080.44**	**2,411.23**	**3,731.18**

As at 31 March 2019

₹ in Lakhs

Asset Classification as per RBI norms	Asset Classification as per Ind AS 109	Gross carrying amount as per Ind AS	Loss allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provision required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
Performing assets						
Standard assets	Stage 1	1,87,882.35	276.63	1,87,606.03	751.52	(474.87)
	Stage 2	21,533.13	985.59	20,545.19	86.12	899.47
Subtotal		**2,09,413.48**	**1,262.22**	**2,08,151.23**	**837.64**	**424.60**
Non -Performing assets*						
Substandard	Stage 3	971.48	226.11	745.37	97.15	128.96
Doubtful						
Upto 1 year	Stage 3	533.36	123.35	410.05	106.68	16.65
1 to 3 years	Stage 3	281.62	64.21	217.41	84.49	(20.28)
More than 3 years	Stage 3	80.73	18.38	62.35	40.37	(21.98)
Subtotal for doubtful		**895.71**	**205.94**	**689.81**	**231.53**	**(25.61)**
Loss assets	Stage 3	-	-	-	-	-
Subtotal for NPA		**1,867.19**	**432.05**	**1,435.18**	**328.67**	**103.35**
Other items	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal for other items		**-**	**-**	**-**	**-**	**-**
Total		**2,11,280.67**	**1,694.26**	**2,09,586.40**	**1,166.32**	**527.95**

* The base amount considered for computation of provision required as per IRACP norms also include interest accrued on stage 3 assets

In terms of the requirement as per RBI notifications no. RBI/2019-20/170 DOR (NBFC).CC. PD No. 109/22.10.106/2019-20 dated March 13, 2020 on implementation of Indian accounting standards, Non-Banking Financial Companies (NBFCs) are required to create an impairment reserve for any shortfall in impairment allowances under Ind AS 109 and Income recognition, Asset Classification and Provisioning (IRACP) Norms (including provision on standard assets). The impairment allowances under Ind AS 109 made by the Company exceeds the total provision required under IRACP (including standard asset provisioning as at March 31, 2020 and accordingly, no amount is required to be transferred to impairment reserve. Also refer note 51.

AD. Disclosure pursuant to Reserve Bank of India Circular DOR.No.BP.BC.63/21.04.048/2020-21 dated 17 April 2020 pertaining to Asset Classification and Provisioning in terms of COVID19 Regulatory Package

Details of moratorium to SMA/overdue categories

₹ in Lakhs

Particulars	As at March 31, 2020
Respective amounts in SMA/overdue categories, where the moratorium/deferment was extended	-
Respective amount where asset classification benefits is extended	-
General provision made*	-
General provision adjusted during the period against slippages and the residual provisions	-

The Company has granted moratorium up-to two months on the payment of installments falling due between April 1, 2020 and May 31, 2020 to all eligible borrowers on a suo-moto basis. There are no accounts for which the moratorium has been extended as at March 31, 2020.

48. Disclosure under clause 28 of the Listing Agreement for Debt Securities

₹ in Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Loans and advances in the nature of loans to subsidiaries	-	-
Loans and advances in the nature of loans to associates	-	-
Loans and advances in the nature of loans where there is -		
(i) no repayment schedule or repayment beyond seven years	-	-
(ii) no interest or interest below section 186 of Companies Act, 2013	-	-
Loans and advances in the nature of loans to firms/companies in which directors are interested	-	-

49. Disclosure under clause 16 of the Listing Agreement for Debt Securities

All debentures are secured by pari passu charge on immoveable property and exclusive first charge on book debts.

50. Amalgamation with Five-Star Housing Finance Private Limited - wholly owned subsidiary

During the year ended March 31, 2020, the Company vide its board meeting dated August 29, 2019 had approved the Scheme of Amalgamation ("the Scheme") of its wholly owned subsidiary - Five-Star Housing Finance Private Limited, which was in the business of providing long term housng finance, with the Company and their respective shareholders under sections 233 of the Act and other applicable provisions of the Act. The appointed date under the aforesaid Scheme is April 1, 2019. This scheme has been approved by the regulatory authorities. As required by the IND AS 103 - Business Combinations, pooling of interest method has been considered for common control business combination and accordingly, the assets and liabilities are reflected in the books of the Company at their respective carrying amounts. Further, in accordance with Ind AS 103 - Business Combinations, financial statements have been restated from April 1, 2018.

51. Impact of Covid 19

The outbreak of COVID-19 pandemic and consequent lockdown has severely impacted various activities across the country. The impact of COVID-19 on the economy is uncertain and would also be dependent upon future developments including various measures taken by the Government, Regulator, responses of businesses, consumers etc. Hence, the extent to which COVID-19 pandemic will impact the company's business, cash flows and financial statements, is dependent on such future developments, which are highly uncertain.

In accordance with the Board approved moratorium policy read with the Reserve Bank of India (RBI) guidelines dated March 27, 2020 and April 17, 2020 relating to 'COVID-19 – Regulatory Package', the Company has granted moratorium up-to two months on the payment of installments falling due between April 1, 2020 and May 31, 2020 to all eligible borrowers on a suo-moto basis in accordance with the Company's policy approved by its Board. Further pursuant to the RBI notification dated May 23, 2020 the moratorium is being extended for a further period of three months in accordance with the Company's policy approved by its Board. Having regard to the guidance provided by the RBI and the Institute of Chartered Accountants of India, in the assessment of the Company, extension of such moratorium benefit to borrowers as per the COVID-19 Regulatory Package of the RBI by itself is not considered to result in significant increase in credit risk as per Ind AS 109. The Company continues to recognise interest income during the moratorium period and in the absence of other credit risk indicators, the granting of a moratorium period does not result in accounts becoming past due and automatically triggering Stage 2 or Stage 3 classification criteria.

Estimates and associated judgments / assumptions applied in preparation of these financial results including determining the impairment loss allowance are based on a combination of historical experience and emerging / forward looking indicators resulting from the pandemic. In addition to the early indicators available during the moratorium period, the company has also used potential stress on probability of default and exposure at default on the expected credit losses on loans and accordingly recognized an expected credit loss on loans of INR 4,934 lakhs including an additional impairment provision amounting to INR 2,695 lakhs during the year. Further, the disclosure in these financial statements are made after considering the moratorium benefits and estimated cash inflows and outflows which are based on the current understanding / arrangement with its customers / lenders.The Company believes that it has considered all the possible impact of the currently known events arising out of COVID-19 pandemic in the preparation of financial statements including financial resources, profitability, liquidity position and internal financial controls. However, since the impact assessment of COVID-19 is a continuing process given its uncertainty in nature and duration, this may have corresponding impact in the financial position in future. The Company will continue to monitor any material changes to the future economic conditions.

52. Disclosure of Specified Bank Notes ('SBN')

The disclosures regarding details of specified bank notes held and transacted during November 8, 2016 to December 30, 2016 has not been made in these financial statements since the requirement does not pertain to financial year ended March 31, 2020.

53. Events after the reporting period

Ind AS10 'Events after the Reporting Period', requires an entity to evaluate information available after the balance sheet date to determine if such information constitutes an adjusting event, which would require an adjustment to the financial statements, or an on-adjusting event, which would only require disclosure.

The outbreak of COVID-19 pandemic across the globe and in India has contributed to a significant decline and volatility in the global and Indian financial markets and slow down in the economic activities. RBI vide its notification bearing no. RBI/2019-20/244DOR.No.BP.BC.71/21.04.048/2019-20 COVID-19 Regulatory Package dated May 23, 2020 have permitted to grant further moratorium of three months on the payment of all principal amounts and / or interest, as applicable, falling due between June 1, 2020 and August 31, 2020 to its borrowers. The same is considered as non-adjusting event.

54. Previous year figures

Prior year figures have been reclassified / regrouped wherever necessary to conform to the current year's classification / disclosure.

As per our report of even date
for **B S R & Co. LLP**
Chartered Accountants
Firm's registration number: 101248W/W-100022

For and on behalf of the Board of Directors of
Five-Star Business Finance Limited
CIN : U65991TN1984PLC010844

K Raghuram
Partner
Membership No: 211171

D Lakshmipathy
Chairman & Managing Director
DIN No : 01723269

R Anand
Director
DIN No : 00243485

G Srikanth
Chief Financial Officer

K Rangarajan
Chief Executive Officer

B Shalini
Company Secretary
ACS: A51334

Place : Chennai
Date : June 10, 2020

Five-Star Business Finance Limited
New No.27, Old No.4, Taylor's Road,
Kilpauk, Chennai - 600 010.
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