CENTRUM
micro credit

2021

ANNUAL REPORT

2020 - 2021

Contents

Corporate Information

Board of Directors

Mr. Ranjan Ghosh
Non-executive Chairman

Mr. Prashant Thakker
Executive Director & CEO

Mr. Rishad Byramjee
Non-Executive Director

Ms. Deepa Poncha
Non-Executive Director

Mr. Suresh Krishna Kodihalli
Independent Director

Mr. Subhash Kutte
Independent Director

Key Managerial Personnel
(Other than ED & CEO)

Mr. Asit Hemani
Chief Financial Officer

Ms. Bhumika Jani
Company Secretary

Registered Office: Level-9 Unit 801, Centrum House,
Vidyanagari Marg Kalina, Santacruz East
Mumbai – 400098.
Tel.: 022 - 42159000

Corporate Office: Office 402, 4th Floor, Neelkanth
Corporate Park Kirol Road,Vidyavihar (West),
Mumbai – 400086.
Tel.: 022 - 62756275
Email: cml.info@centrum.co.in, cml.cs@centrum.co.in
Website: www.centrummicrocredit.com

Corporate Identification Number:
U67100MH2016PLC285378

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

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

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

Mission, Vision, Values

VISION

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

MISSION

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

VALUES

- Trust
- Integrity
- Innovation &
- Long-term Relationships

Chairman's Message

Dear Shareholders,

It is hugely fulfilling to see that the teams which we put together and the journey we started in 2017 has reaped the fruits. Centrum Microcredit has been through an incredible journey since its inception, right from the acquisition of First Rand Bank in 2017 and another successful acquisition in 2019 with Altura Financial Services and its expansion from 1 State to 9 States covering a significant rural base. Like any other journey, ours has not been a smooth sailing. We have had several ups and downs but I am grateful to all the 852 employees for standing up and making the team efforts count.

The Company has also demonstrated resilience in the face of severe environmental challenges. Now we are at the tail end of the pandemic that hit us and I can proudly say that each and every one of you have helped get this company back on its feet. I must complement our team of 800+ employees for their dedication and courage during these unprecedented times.

Centrum Microcredit is not just about Loans, Business, Collection and Recovery but we also have a social impact in what we do. We have not only got ourselves involved into a variety of community initiatives but have also set objectives for ourselves that will help us grow into a sustainable company.

We have been privileged to receive active support from our 24 lenders. We have also been able to use several financing avenues such as non-convertible debentures, commercial paper, pass through certificates and pooled loan issuances to diversify our liability profile. This has proven immensely helpful in an environment where liquidity for smaller financial institutions has been scarce. The unstinted support we have received from our parent company Centrum Capital Limited has helped us in this journey and we thank them for that.

Overall, our recovery path from Covid has been a successful one. Our FY closing numbers have picked up and we continue to move forward. It was a great achievement for us to raise INR 75 Cr by issuing bonds to continue striving to serve our women entrepreneurs segment. Another milestone for CML was the recognition by Asian Leadership Awards as the Company of the Year (NBFC Sector) and the Best Digital Lending Solutions. We hope we can continue on this path to a better and brighter future for CML.

Best Wishes,

Ranjan Ghosh
(Non-Executive Chairman)

CEO’s Message

Dear Stakeholders,

Hope you and your loved ones are safe and doing well.

The unprecedented pandemic that hit us in 2020, made us rethink our priorities. Our customers were deeply impacted. Many of them lost their livelihoods, but as it has been seen in the past as well, the low income households are the most resilient and entrepreneurial and like each time, they bounced back faster than the rest of the economy. In spite of the many difficulties, a large number of our customers have remained loyal and continue to service their loans.

It gives me immense happiness to share with you all that the Company we started in 2017, is now a INR 100 Crore Turnover Company. It has been a challenging year but a very proud moment and a huge milestone for CML. We have been able to move from a single product Company to a multi-product Company and from solving one financial need to solving multiple financial services needs of our customers. It is important that we remain aligned to our Vision “To create a positive, social, and economic impact in the lives of low-income households by providing microcredit and other relevant financial services”.

This year’s social impact report is to assess the impact we have had on our stakeholders, through the generally acceptable tools and metrics and an attempt to align our operations to address the UN Sustainable Development Goals.

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

Even during the crisis we have received support from all our stakeholders like our employees, regulators, customers, funders etc. Apart from onbaording a number of new lenders we have also had our first foreign investor subscribing to our NCD Issuance of $5.5m. And we are happy to share that we had the first ever listing of our debt issuance in December,2020.

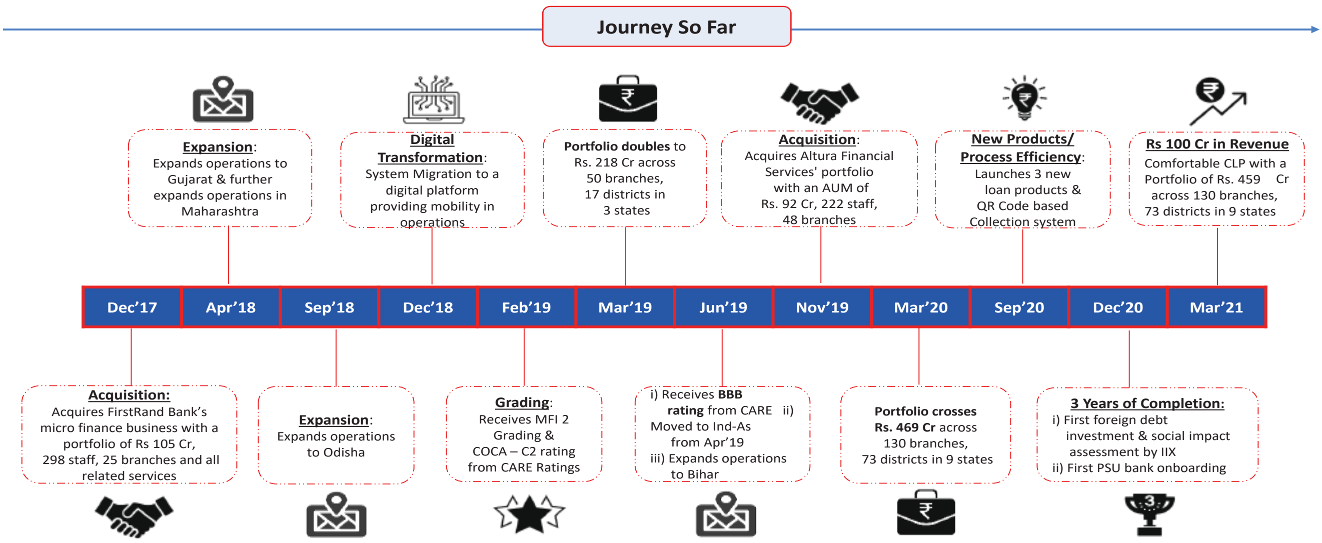
Along with providing credit and financial services, social contributions also promote sustainable and equitable growth and lead to a better quality of life for our customers.

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

We are proud to present our Social Performance and Impact Report.

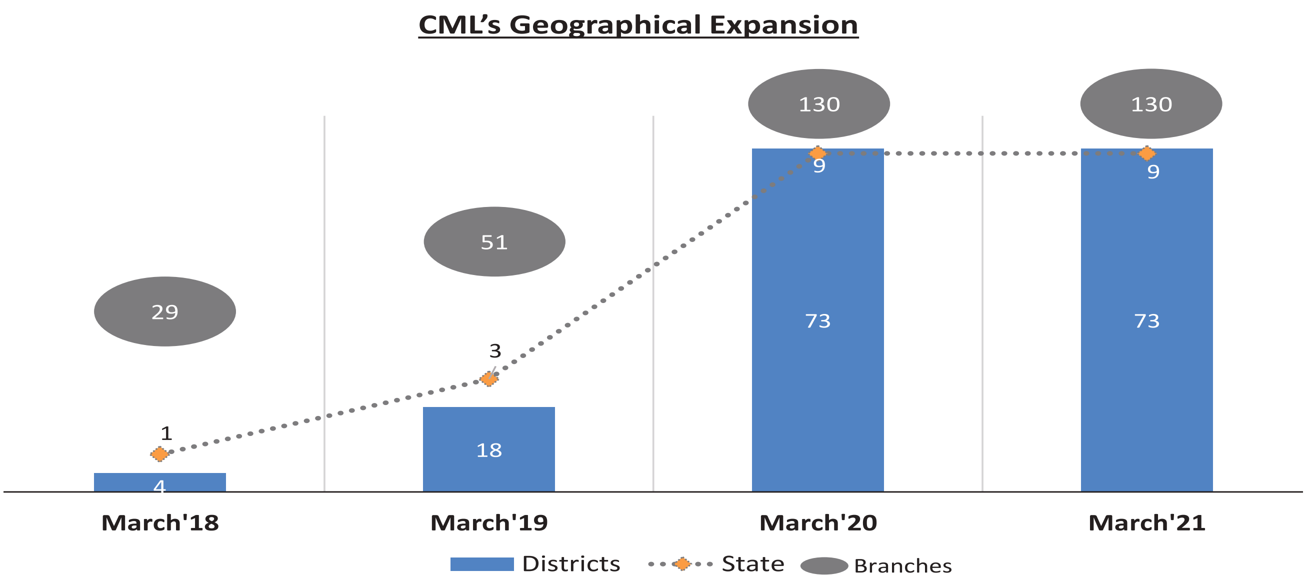
Thanking you,

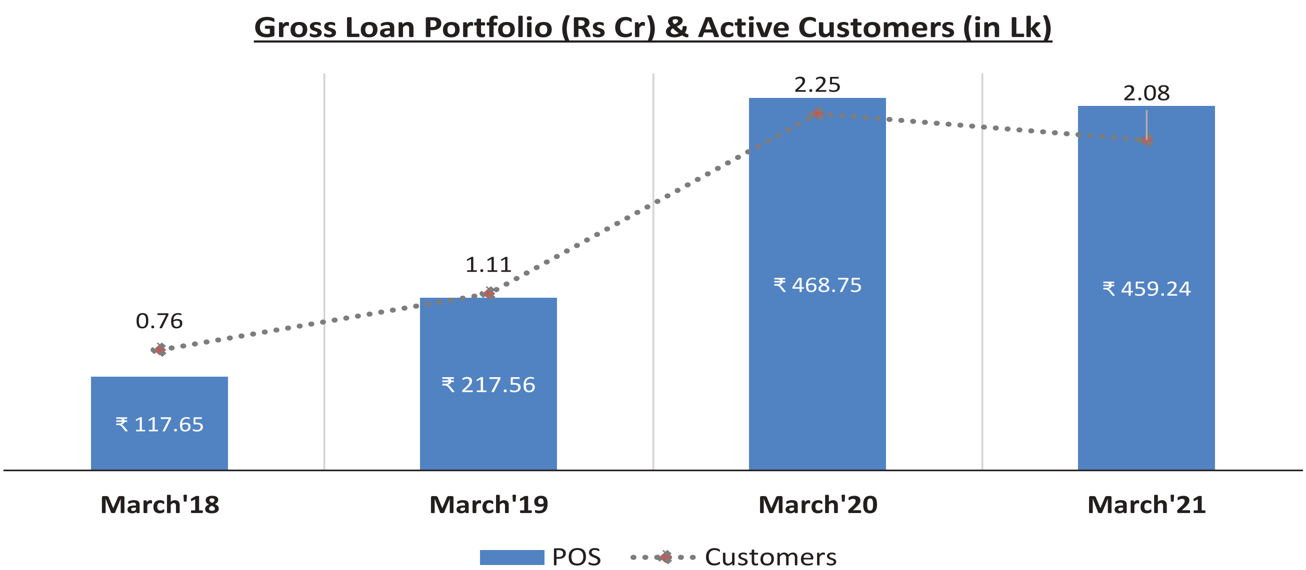
Prashant Thakker
(Executive Director & Chief Executive Officer)

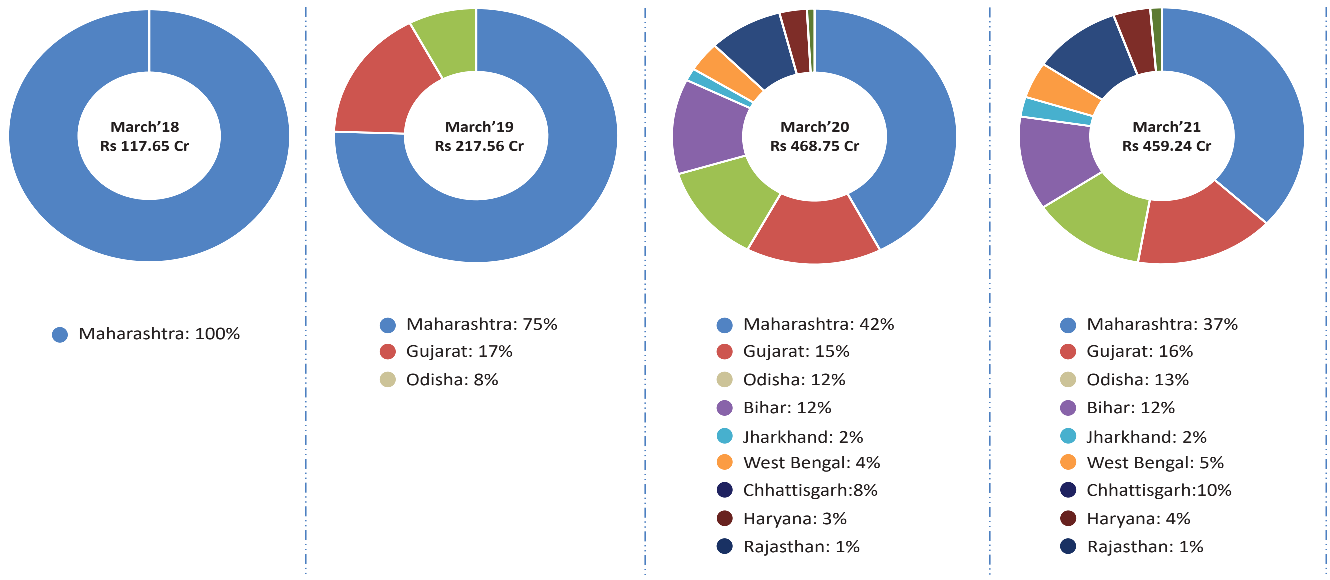


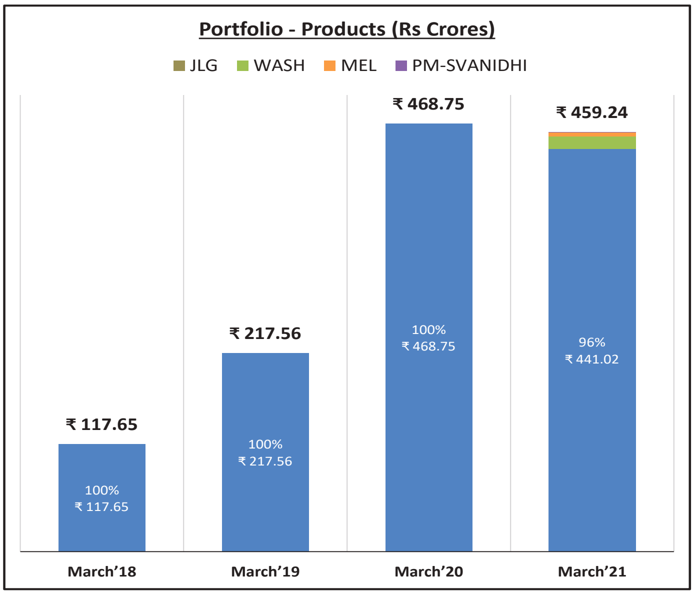
CML received NBFC-MFI licence in Oct'17

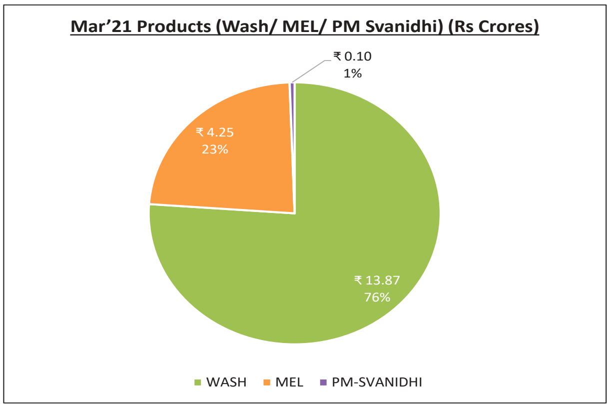
CLP: Capital-23.33% of CAR, Liquidity-~10% Of AUM POS, Provision- ~2.5% of BS POS



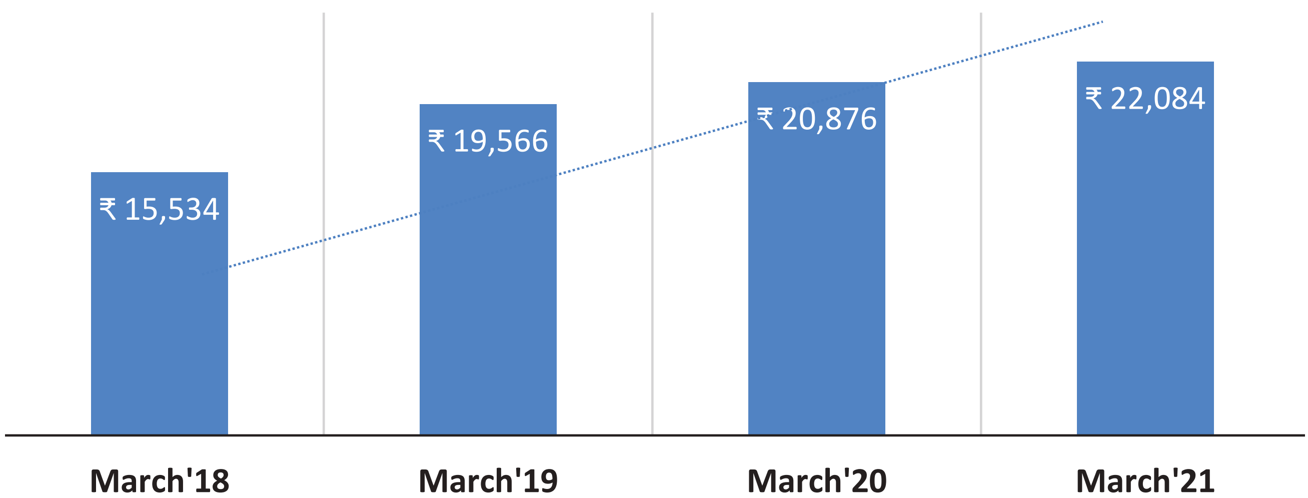


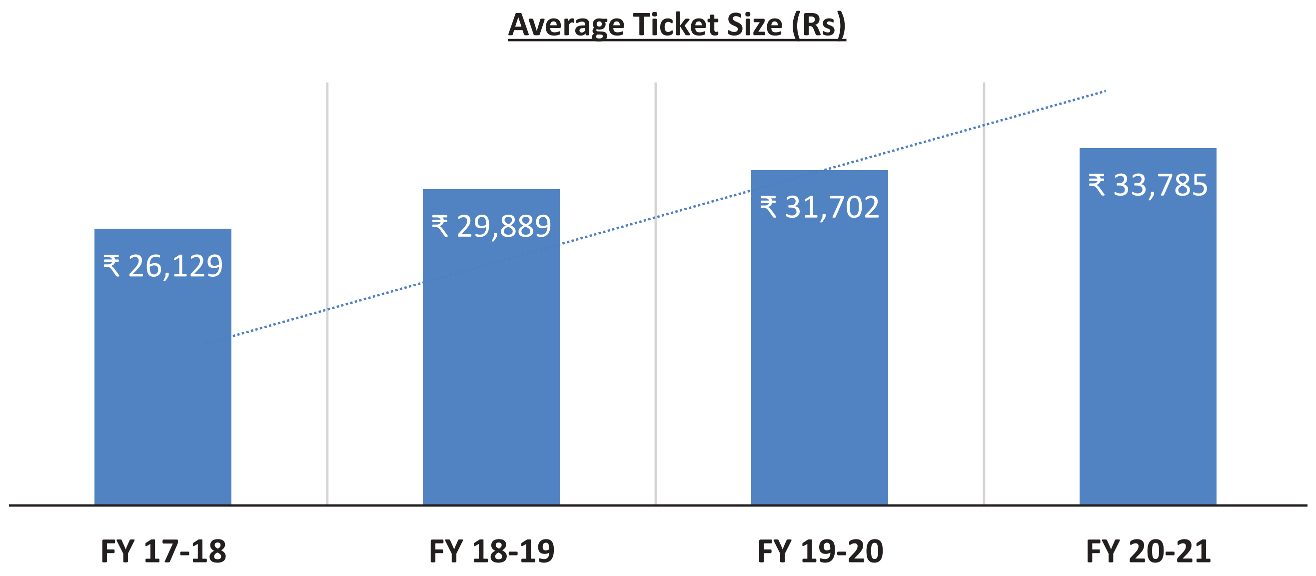


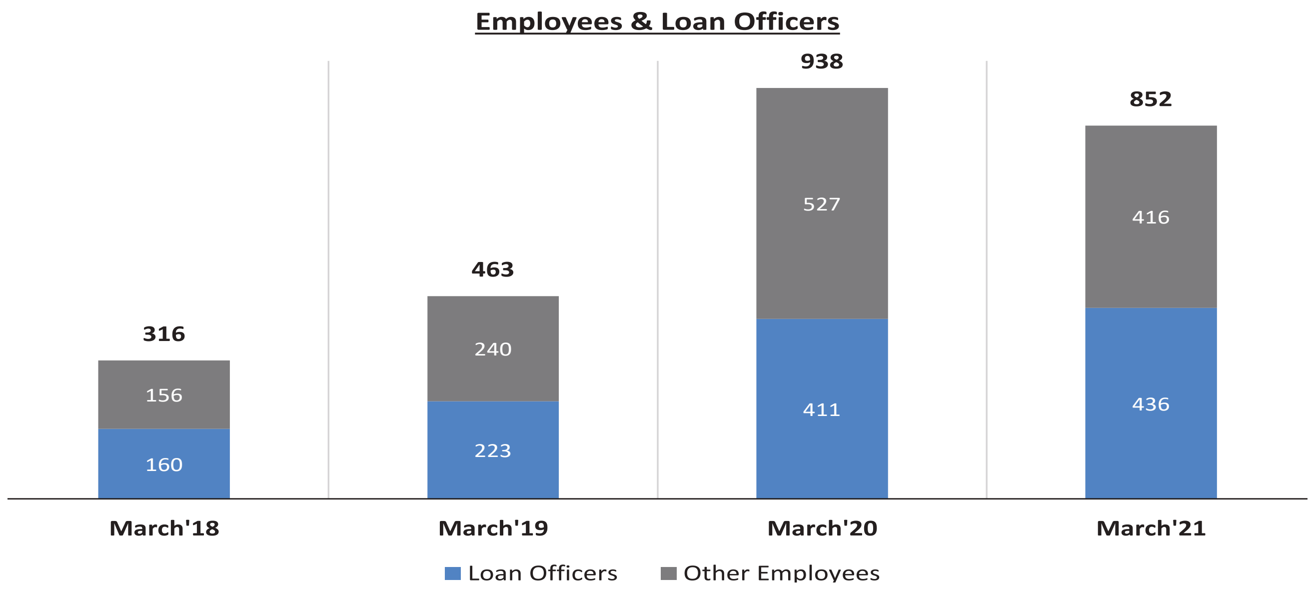


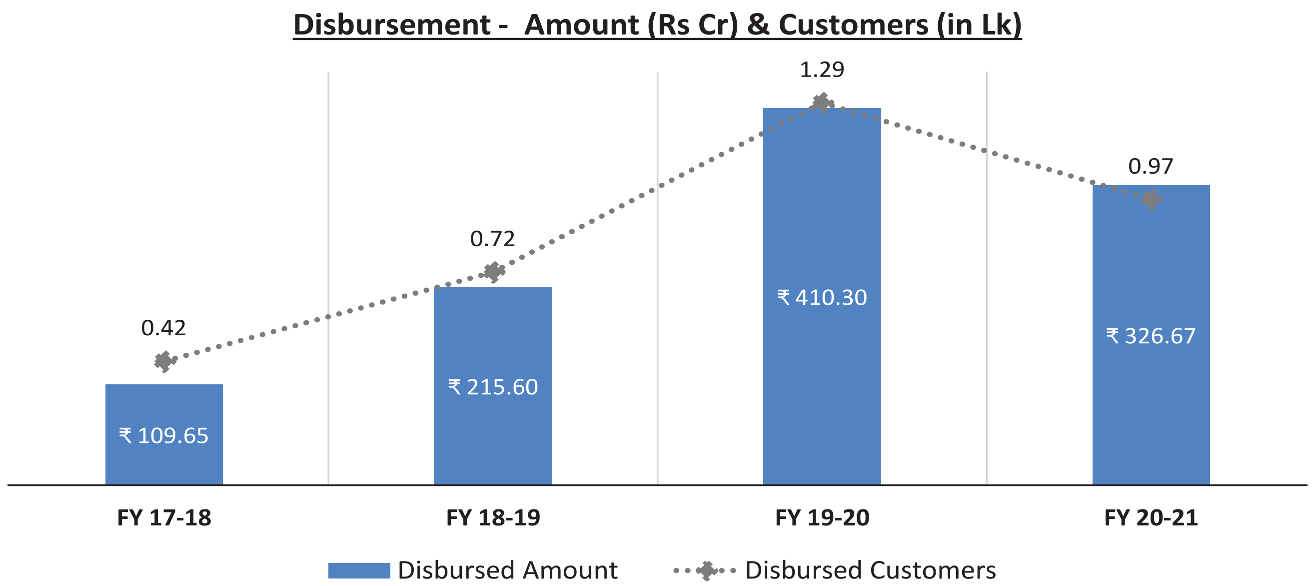


Average Portfolio Outstanding (Rs)




Average Ticket Size (Rs)
₹ 26,129
₹ 29,889
₹ 31,702
₹ 33,785
FY 17-18
FY 18-19
FY 19-20
FY 20-21


Employees & Loan Officers
316
156
160
463
240
223
938
527
411
852
416
436
March'18
March'19
March'20
March'21
Loan Officers
Other Employees


Disbursement - Amount (Rs Cr) & Customers (in Lk)
0.42
₹ 109.65
0.72
₹ 215.60
1.29
₹ 410.30
0.97
₹ 326.67
FY 17-18
FY 18-19
FY 19-20
FY 20-21
Disbursed Amount
Disbursed Customers

The Sustainable Development Goals (SDGs) are adopted to end poverty, protect the planet and ensure that all people enjoy peace & prosperity by 2030

CML's Alignment To SDGs for Achieving Sustainable Development

CML has aligned to 8 out of the total 17 SDGs

(5 SDGs targeted through business operations & 3 SDGs targeted through CSR Activities)

Able to achieve cost savings and effective risk management on account of phygital operations

Regulator
NBFC-MFI

Legal Status
MFI

Gross Loan Portfolio
Rs 459 Cr

Portfolio (Rural/ Urban)
Rs 459 Cr (Rs 235 Cr/ Rs 224 Cr)

Portfolio (Agri/ Non-agri)
Rs 459 Cr (Rs 300 Cr/ Rs 159 Cr)

Number of Borrowers
2,07,952

Average Portfolio
Rs 22,084
Average Loan Size
Rs 33,785

Number of States
9
Number of Districts
73

Number of Branches (Urban/ Rural)
130 (84/ 46)

Number of Employees
852

Country of Operations – India
States – Maharashtra, Gujarat, Odisha, Bihar, Jharkhand, West Bengal, Chhattisgarh, Haryana, and Rajasthan

Ganesh Chaturthi Celebration

Republic Day Celebration

Christmas Celebration

3-Year Anniversary Celebration

Internal Cricket Match

International Women's Day

Diwali Celebration

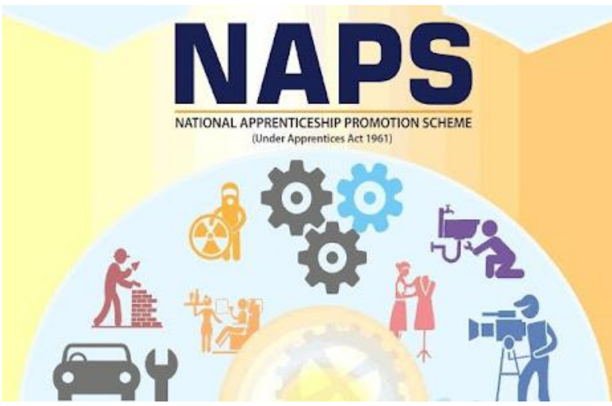
Good Health & Wellbeing of our Employees

Free doctor consultation for all staff and their family through DocOnline.

Due to COVID-19 outbreak Out Patient Health Services (OPD) are shut across many hospitals and experts advising patients to avoid physical healthcare facilities, unless it is an emergency, telemedicine and digital health services are the need of the hour. Centrum has collaborated with DocOnline for digital doctor consultation for this challenging and tough times. All employees and their family members can avail this benefit for free during the lockdown period with DocOnline doctor consultations and other medical services.

DocOnline

Hiring Loan officers as fresher via NAPS



Aligning with the United Nations SDGs point 8 that states "Decent Work and Economic Growth" and as part of the "Pradhan Mantri Kaushal Vikas Yojna" or the "National Apprenticeship Promotion Scheme" (NAPS); we have hired over 135 employees/ apprentices and offered first time employment for freshers in line with the Government of India's goal of reducing unemployment in India.

Crunchy Bites

Suman Dewangan- Durg, Chhattisgarh

My husband was a mason doing contract-based work in our village. I did odd stitching jobs during my free time to supplement our income. However, with two children to put through school and increasing living costs, we realized that our current income won't be sufficient to sustain.

In 2014, Centrum's Loan Officer was in our village to meet with a group of women. He explained the concept of a joint liability group loan and assisted us if I was keen to start a business of my own. I decided to take a loan of Rs 36,000. Since I was good at cooking, I drew out a business plan to make small quantities of 'murkhu' (Chakli), which is a popular snack all over India. My husband assisted me in taking the stock to the local market and selling it to customers. The snack drew popularity from locals and demand increased. As we were unable to manage the entire operations by ourselves, we decided to hire daily wageworkers to help us expand.

With the help of two additional workers, we again achieved operating at full capacity and were now able to sell to nearby villages as well. With my second loan cycle, I employed an additional 6 workers, paying them each over Rs 120/- per day. Together, we make over 1000 - 1200 packets of murkhu every day, with all responsibilities divided equally amongst us.

We engaged with Mr Gupta, a larger distributor, who now helps us reach our products in over 12 markets. My children are in 6th and 8th standard respectively, and we are happy that we are living a respectable life and providing employment to over 8 people as well. I am extremely grateful to Centrum and hope to continue being associated with them so I can expand my business further.

The Ray of Hope

Priti Shankar, Chhattisgarh

After my husband's death, 2 years ago, my daughter and I moved in to stay with my parents. I began working at a parlour where I learnt about beauty treatments and even learnt how to run one. I was struggling between long hours at work and taking care of my daughter at home as both my parents were running a grocery shop. I always wished that someday I could open a parlour of my own so that I could improve my financial status and also work flexi-hours.

A year ago, Centrum's Loan Officer approached me and explained the concept of Joint Liability Group Loan. With the Loan amount of Rs 30,000 sanctioned to me, I started a parlour. I run the shop myself, and even provide home services for many of my clients. In the future, I hope to expand the parlour.

Priti says, "When it seemed impossible to move ahead in life with my husband passing, Centrum Microcredit came as a ray of hope and encouragement that I needed to be an independent successful businesswoman."

Against All Odds

Sharda Deshmukh-Mumbai

I started off my career at a very young age, working for an imitation jewellery manufacturer. I was earning Rs 8 per day and I gradually picked up the craftsmanship well. At the age of 16, I got married to an electrician and soon after I was blessed with two children. As our family grew, our income remained constant, leading to financial difficulties. I took a Joint Liability Loan from Centrum and started a small business, purchased raw materials of jewellery products and further processed them. Our income increased and lifestyle improved. Few years ago, my husband fell ill and was unable to work as earlier, thereby reducing our income. In the last few months, owing to the lockdown, my jewellery processing business also went through a slowdown. That's when Centrum's loan officer told me about their new MEL Product, which I felt would help my business grow further. As the unlock began, demand recovered and business started picking up. I now employ 6 people, paying them Rs 280 per day. We personally, collect un-finished jewellery from Malad, process it and sell the finished product at Crawford market in Mumbai. We have expanded our services to offer customized designs as well. From working 12 hour shifts, to becoming an entrepreneur it's been a fulfilling experience. I thank Centrum for supporting me on my journey of finding myself. Among all my friends who worked together at the shop, I am the only woman who successfully started a business, despite always being discouraged by the men around me. I feel empowered myself, and I hope to inspire many more women to take that leap and fly.

Directors' Report

To,
The Members,
Centrum Microcredit Limited
Mumbai

Your Directors have pleasure in presenting to you the Annual Report of your Company together with the Audited Accounts for the Financial Year ended on March 31, 2021.

FINANCIAL RESULTS

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

(INR in Lakh)

PARTICULARS	2020-21	2019-20
Income for the year	10,094.50	8,817.40
Expenditure for the year	9,964.42	8,183.56
Profit Before Tax	130.08	633.84
Less: Current Tax	60.31	-
Add/(Less)Deferred Tax	21.93	(94.15)
Profit or Loss After Tax	91.70	539.69

FINANCIAL PERFORMANCE AND STATE OF COMPANY'S AFFAIRS

FINANCIAL PERFORMANCE

The total income of the Company increased from INR 8,817.40 Lakh in FY 2019-20 to INR 10,094.50 Lakh in FY 2020-21. For the current year, the company has reported a PBT of INR 130.08 Lakh and PAT of INR 91.70 Lakh.

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

  Significant milestones were achieved during the year:

  - The Company's loan origination and management process has been completely digitalised.
  - The Company received its first ever Social Impact assessment report done by Impact Investment Exchange (IIX), Singapore, in alignment with the UN SDGs for achievement of sustainable development with an impact score of 9.2 out of 10.
  - The Company has launched three new products during the year:
    - o MEL (Micro-enterprise Loans);
    - o Aarogya Dhaara (WASH Loans) in collaboration with Water.org to focus on special loans for water, sanitation and hygiene; and
    - o Loans under the PM SVANidhi program which would provide financial assistance and economic upliftment of the street vendors and micro entrepreneurs to help in their livelihood activities after being impacted by Covid-19.

- The Company has also introduced a QR Code based collection system.
- The Company's lender base has diversified significantly to include new lenders and new products including Securitization, Direct Assignment, Issue of Non-Convertible Debentures, Compulsorily Convertible Debentures, Non-Convertible Redeemable Preference Shares and Commercial Papers.
- CML became a Debt listed Company by issuing Listed Non-Convertible Debentures (NCDs) worth INR 1,500 Lakh, which were listed on the Wholesale Debt Market segment of BSE Limited with effect from January 06, 2021.
- CML successfully completed its first international fund raise from a Singapore based impact investing and sustainability organisation Impact Investment Exchange (IIX) by issuing Non-Convertible Debentures (NCDs) worth INR 4,100 Lakh.

OTHER HIGHLIGHTS

	Mar-21	Mar-20
Total AUM Rs. in INR Lakh (including securitized portfolio)	45,924	46,875
PAR (1+ day overdue value in INR Lakh)	4,780	192
PAR (%)	10.41%	0.41%
No. of Branches	130	130
No. of Employees	852	938

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

DIVIDEND

In order to conserve the resources, the Directors do not recommend any dividend for the financial year 2020-21.

TRANSFER TO RESERVES

The Board of Directors transferred INR 18.34 Lakh to the Statutory Reserve. No amount was transferred to General Reserves.

RESOURCES

The Company raised funds through a mix of Tier I & Tier II funds. During the year, the borrowings reduced from INR 43,086.87 Lakh as on 31 March 2020 to INR 40,523.63 Lakh as on 31 March 2021.

The Company had raised money by Issuance of the following securities/ instruments -

1. Non-Convertible, Redeemable, Cumulative, Preference Shares – INR 500 Lakh
2. Compulsorily Convertible Debentures – INR 500 Lakh
3. Commercial Paper- INR 2,600 Lakh
4. Non-Convertible Debentures- INR 6,401 Lakh
5. Securitizations/ PTCs – INR 3,460 Lakh

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

1. Commercial Paper – INR 1,600 Lakh
2. Non-Convertible Debentures – INR 5,911 Lakh
3. Securitisation/ PTCs – INR 1,629 Lakh

CHANGES IN SHARE CAPITAL

During the period under review, the authorized share capital of the company was increased from Rs. 85,00,00,000/- (Rupees Eighty-Five Crore Only) divided into 8,50,00,000 (Eight Crore Fifty Lakh) Equity Shares of Rs.10/- (Rupees Ten Only) each to Rs. 90,01,00,000/- (Rupees Ninety Crore One Lakh Only) divided into 8,50,00,000 (Eight Crore Fifty Lakh) Equity Shares of Rs.10/- (Rupees Ten Only) each and 50,10,000 (Fifty Lakh Ten Thousand only) preference shares of Rs. 10/- (Rupees Ten only) each by creation of additional authorised preference share capital of 50,10,000 (Fifty Lakh Ten Thousand only) preference shares of Rs. 10/- (Rupees Ten only).

There was no change in the paid-up equity share capital during the year and the same stood at INR 70,52,83,060/- divided into 7,05,28,306 equity shares of face value of INR 10 each. The Company has issued fresh preference shares of INR 5,00,00,000/- (Rupees Five Crore Only) divided into 50,00,000 (Fifty Lakh) non-convertible redeemable cumulative preference shares of face value of INR 10 (Rupees Ten Only) each.

LISTING FEES

A few of the Company's debentures are listed on the Wholesale Debt Market Segment of BSE Limited. The Company has paid listing fees up to the financial year 2021-22.

SUBSIDIARIES, JOINT VENTURE AND ASSOCIATE COMPANIES

Centrum Capital Limited (CCL) is the holding company of Centrum Microcredit Limited.

Your Company has no subsidiary or associate companies.

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

Post the market revival in Jan and Feb 2021, the increasing Covid cases have increased the uncertainty amongst customers. The lockdown impact was visible in the collection for March 2021. Limited disbursements were made in April 2021 due to the lockdown, being only 20% of the planned numbers. Low responses from the lenders because of the lockdown.

Pursuant to the approvals granted by the members and Board of Directors of the Company, the Company has issued 5,000 (Five Thousand) Secured, Unrated, Unlisted, Redeemable, Non-convertible Debentures of face value of Rs. 1,00,000/- (Rupees One Lakh Only) each, aggregating up to Rs. 50,00,00,000/- (Rupees Fifty Crore Only) on a private placement basis which shall provide liquidity for disbursements and business growth.

CHANGE IN NATURE OF BUSINESS:

There is no material change in the nature of Business of the Company during the period under review. As mentioned, your company has now started providing MEL, Arogya Dhara and PMSVanidhi loans.

AUDITORS AND AUDITOR'S REPORT

M/s. Haribhakti & Co. LLP, Chartered Accountants (ICAI Firm No. 103523W / W100048), the Statutory Auditors of the Company, hold office until the conclusion of the Eighth AGM to be held in the year 2024. Pursuant to Section 141 of the

Act, the Auditors have represented that they are not disqualified and continue to be eligible to act as the Auditor of the Company. The requirement to place the matter relating to appointment of auditors for ratification by Members at every AGM has been done away by the Companies (Amendment) Act, 2017 with effect from May 7, 2018. Accordingly, no resolution is being proposed for ratification of appointment of statutory auditors at the ensuing AGM.

There are no observations/ qualifications of the Auditors in their report for the FY 2020-21.

REPORTING OF FRAUDS

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

SECRETARIAL AUDIT

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

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

There is no adverse remark, qualification or reservation in the said Secretarial Audit Report.

COST AUDITOR

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

INTERNAL AUDITORS & THEIR REPORT

Pursuant to the provisions of Section 138 of the Companies Act, 2013, Mr. Om Dubey and M/s.KNAV & Co. LLP, Chartered Accountants, Mumbai, were appointed as the Internal Auditors of the Company for the financial year commencing from April 01, 2020 to March 31, 2021. Mr. Om Dubey was in-charge of audit for Branch Operations and M/s. KNAV & Co. LLP, Chartered Accountants conducted the Internal Audit of the Finance, Treasury, Revenue & Receivables, Human Resources & Payroll, Administration, Regulatory and Statutory compliance functions.

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

DIRECTORS & KMP

Appointment / Re-appointment

In accordance with provisions of the Act and the Articles of Association of the Company, Mr. Prashant Thakker, Executive Director & CEO (DIN: 07405451) is liable to retire by rotation and is eligible for re-appointment.

During the year, Ms. Deepa Poncha (DIN: 01916512) was appointed as Additional and Non-executive Director on the Board with effect from November 5, 2020. Mr. Subhash Kutte (DIN: 00233322) was appointed as Additional and Independent Director on the Board for a tenure of 5 years with effect from August 20, 2020.

The appointments/ reappointments/ regularisations shall be considered at the ensuing Annual General Meeting and forms a part of the Notice. The disclosures required pursuant to Regulation 36 of the SEBI Listing Regulations and the SS- 2 on General Meeting are given in the Notice of Annual General Meeting ('AGM'), forming part of the Annual Report.

Ms. Jayshree Venkatesan (DIN: 06415512) resigned as Independent Director on the Board with effect from November 22, 2020 and Mr. Shailendra Apte (DIN: 00017814) resigned as Non-executive Director on the Board with effect from January 05, 2021. The Board had placed on record its appreciation for their valuable contribution and guidance during their tenure as Independent Director.

Mr. Praveen Saha, who was appointed as the designated 'Manager' as per the provisions of Section 203 of the Companies Act, 2013, resigned with effect from November 1, 2020. He continues to remain in services of the Company.

Independent directors

In terms of Section 149 of the Act, Mr. Suresh Kodihalli Krishna and Mr. Subhash Kutte are the Independent Directors of the Company as on date of this report. All Independent Directors of the Company have given declarations under Section 149(7) of the Act, that they meet the criteria of independence as laid down under Section 149(6) of the Act. Further, the Independent Directors of the Company have confirmed that they have undertaken requisite steps towards the inclusion of their names in the data bank of Independent Directors maintained with the Indian Institute of Corporate Affairs, in terms of Section 150 read with Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014 and have passed /or are exempted from appearing for the online proficiency self-assessment test conducted by the Institute.

Key Managerial Personnel

In terms of Section 203 of the Act, the Key Managerial Personnel (KMPs) of the Company during FY 2020-21 are:

- Mr. Prashant Thakker, Executive Director and Chief Executive Officer
- Mr. Asit Hemani, Chief Financial Officer (appointed with effect from November 5, 2020)
- Ms. Bhumika Jani, Company Secretary

Mr. Praveen Saha resigned as the Manager with effect from November 1, 2020 and continues as the Business Head of the Company.

Mr. Hiren Vasa resigned as Chief Financial Officer of the Company with effect from August 31, 2020.

<u>MEETINGS OF THE BOARD AND COMMITTEES:</u>

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

Particulars	Board	Audit Committee	Nomination & Remuneration Committee
Number of Meetings	7	4	3
Dates of Meetings	11.05.2020, 20.08.2020	11.05.2020, 20.08.2020,	20.08.2020, 05.11.2020,
	05.11.2020, 01.12.2020,	05.11.2020, 01.02.2021	01.02.2021
	23.12.2020, 01.02.2021,		
	08.03.2021		
Ranjan Ghosh	7	NA	3
Rishad Byramjee	6	4	3
Shailendra Apte	5	3	NA
Suresh Kodihalli Krishna	6	4	2
Jayshree Venkatesan	3	3	2

Prashant Subhash Thakker	7	NA	NA
Deepa Poncha	5	NA	NA
Subhash Kutte	4	2	2

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

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

INDEPENDENT DIRECTORS' MEETING

A meeting of the Independent Directors was held on April 2, 2021, as per schedule IV of the Companies Act, 2013.

RISK MANAGEMENT FRAMEWORK

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

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

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

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

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

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

LOAN TO PURCHASE SHARES OF THE COMPANY

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

INTERNAL FINANCIAL CONTROL AND ADEQUACY:

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

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

RELATED PARTY TRANSACTIONS

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

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

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

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

Disclosure pertaining to remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed to the Report as **Annexure-C.**

Statement containing particulars of Top 10 employees and the employees drawing remuneration in excess of limits prescribed under Section 197 (12) of the Act read with Rule 5(2) and (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is provided in the Annexure forming part of this report. In terms of proviso to Section 136(1) of the Act, the Report and Accounts are being sent to the Shareholders, excluding the aforesaid Annexure. The said Statement is also open for inspection. Any member interested in obtaining a copy of the same may write to the Company Secretary. None of the employees listed in the said Annexure are related to any Director of the Company.

PARTICULARS OF DEPOSITS

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

DISCLOSURES BY DIRECTORS

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

AUDIT COMMITTEE

The constitution of the Audit Committee as on March 31, 2021, is as follows:

Name	Category	Designation in Committee
Mr. Suresh Krishna Kodihalli	Independent Director	Chairman
Mr. Rishad Byramjee	Non-Executive Director	Member
Mr. Subhash Kutte	Independent Director	Member

The details of meetings held are provided above.

NOMINATION & REMUNERATION COMMITTEE

The constitution of the Nomination & Remuneration Committee as on March 31, 2021, is as follows:

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

The details of meetings held are provided above.

DIRECTORS' RESPONSIBILITY STATEMENT

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

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

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

ii. that we had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit / loss of the Company for that period;

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

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

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

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

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

PERFORMANCE EVALUATION

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

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

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

CORPORATE SOCIAL RESPONSIBILITY

The Company needs to make expenditure towards Corporate Social Responsibility (CSR) as per the provisions of Section 135 of the Companies Act, 2013, read with Rules made thereunder and the CSR Policy of the Company. A brief note on the CSR Activities is enclosed herewith as **Annexure E.**

As on March 31, 2021, the CSR Committee is comprised of:

Sr No	Name	Designation	Position in the Committee
1	Mr. Ranjan Ghosh	Non-Executive Chairman	Chairman
2	Mr. Prashant Thakker	Executive Director & CEO	Member
3	Mr. Subhash Kutte	Independent Director	Member

Pursuant to Companies (Amendment) Act, 2020, the requirement of constitution of CSR Committee was not made applicable to a Company, in case the amount required to be spent on CSR does not exceed Rs. 50 lakhs. Since the CSR liability of the Company for FY 2020-21 was less than Rs. 50 lakhs, it was agreed that the Board shall discharge all functions of CSR Committee of the Company.

The Board had recommended an amount of INR 7,17,170 /- (Rupees Seven Lakh Seventeen Thousand One Hundred and Seventy only) as expenditure to be incurred on the CSR activities of the Company during the F.Y.2020-21.

As on March 31, 2021, the Company does not have any amount outstanding to be spent towards CSR for previous years.

The brief outline of the Corporate Social Responsibility (CSR) Policy of the Company and the initiatives undertaken by the Company on CSR activities during the year in the format prescribed in the Companies (CSR Policy) Rules, 2014 are set out in **Annexure E** of this Report. The Policy is available on the Company's website at URL: http://centrummicrocredit.com/policies.

VIGIL MECHANISM

The Company follows the group policy on Vigil Mechanism.

Pursuant to Section 177(9) of the Act, a vigil mechanism was established for directors and employees to report to the management, instances of unethical behavior, actual or suspected, fraud or violation of the Company's code of conduct or ethics policy. The Vigil Mechanism provides a mechanism for employees of the Company to approach the Chairperson of the Audit Committee of the Company for redressal. No person has been denied access to the Chairperson of the Audit Committee. In addition to the above, the employee also has an option to approach the Group General Counsel (GGC). The policy of vigil mechanism is available on the Company's website at URL: http://centrummicrocredit.com/policies

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

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

Expenditure in foreign currency:

Particulars*	**Amount in INR Lakh**
Other borrowing costs	119.62
Legal & professional charges	2.42
Total payments	**122.04**

* *Actual foreign currency paid during the year.*

HUMAN RESOURCE AND EMPLOYEE RELATIONSHIP

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

Prevention of Sexual Harassment

The Company has zero tolerance for sexual harassment at workplace and has adopted a Policy on Prevention, Prohibition and Redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder. Internal Complaints Committee ('ICC') is in place for all works and offices of the Company to redress complaints received regarding sexual harassment.

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

Our online training module includes POSH training, which is mandatory for all employees to complete at least once a year.

EXTRACT OF ANNUAL RETURN

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

EMPLOYEES STOCK OPTIONS (ESOP)

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

COMPLIANCE WITH SECRETARIAL STANDARDS

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

MEANS OF COMMUNICATION:

The half yearly/annual financial results shall be regularly submitted to the BSE Limited in accordance with the Listing Regulations and published in English newspaper and in regional language newspaper. The said financial results are also posted by the Company on its website www.centrummicrocredit.com

DEBENTUREHOLDERS RELATED INFORMATION:

a. Listing on Stock Exchanges	:	**BSE Limited** Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400001.
b. Registrar and Transfer Agents	:	**Link Intime India Private Limited** C–101, 247 park L B Marg, Vikhroli West, Mumbai 400 083 Tel. No. 022 –49186000, Fax No.: 022 – 49186060 Email: mumbai@linkintime.co.in

c. Address for Correspondence:

1. To the Company:

Corporate Office:	**Registered Office:**
402, Level 4, Neelkanth Corporate Park, Kirol Road, Vidyavihar (W), Mumbai- 400 086. Tel No: 91 22 62756275 Email: cml.info@centrum.co.in cml.cs@centrum.co.in	Level-9 Unit 801, Centrum House, Vidyanagari Marg Kalina, Santacruz East Mumbai – 400098. Tel No.: 91 22 42159000 Email: cml.info@centrum.co.in cml.cs@centrum.co.in

d. Debenture Trustees

i. Catalyst Trusteeship Limited
Windsor,6th floor, Office No.604,
C.S.T. Road, Kalina, Santacruz (East) Mumbai 400098
Mob. No.: 9969252499
Website: www.catalysttrustee.com

ii. Beacon Trusteeship Limited

4C & D, Siddhivinayak Chambers, Gandhi Nagar
Opp. MIG Cricket Club, Bandra (East), Mumbai 400 051
Mob. No.: 9969252499
Website: www.beacontrustee.co.in

iii. IDBI Trusteeship Services Limited

IDBI Trusteeship Services Limited, Asian Building, Ground Floor,
17, R. Kamani Marg, Ballard Estate,
Mumbai – 400 001.
Mob. No.: 9820504366
Website: www.idbitrustee.com

POLICIES AND DISCLOSURE REQUIREMENTS

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

GENERAL

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

1. Details relating to Deposits covered under Chapter V of the Act;

2. Issue of equity shares with differential rights as to dividend, voting or otherwise;

3. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future;

4. There was no instance of non-exercising of voting rights in respect of shares purchased directly by the employees under a scheme pursuant to section 67(3) of the Act read with Rule 16(4) of Companies (Share Capital and Debenture) Rules, 2014 and hence no information has been furnished.

ACKNOWLEDGEMENTS

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

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

BY ORDER OF THE BOARD
FOR CENTRUM MICROCREDIT LIMITED

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

Place: Mumbai
Date: 3rd May, 2021

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

Annexure A
Management Discussion and Analysis Report

A. Industry Structure and Developments

The stable growth and performance of the Microfinance industry has attracted a number of banks and NBFCs to enter the sector. Over the years, a large number of MFIs have either become Universal banks or Small Finance Banks or have merged with Private banks. As on 31 March 2021, for loans originated after February 2017, the microfinance industry has a total loan portfolio of INR 259,377 Crore. The total number of active loan accounts were 10.83 Crore with 5.93 Crore unique borrowers as on 31 March 2021. The YoY (31 March 2020 to 31 March 2021) growth of GLP based on loans originated after February 2017 is 11.90%.

NBFC-MFIs are second largest provider of micro- credit with a loan amount outstanding of Rs. 80,549 Cr, accounting for 31.05% to total industry portfolio.

B. Opportunities and Threats

There continues to be a large gap in terms of credit towards financial inclusion in the country. This presents a large opportunity for growth as well as an opportunity to join hands with fintech companies to customize products, especially towards meeting the needs of the underserved sectors. The geographical penetration of Microfinance is now higher across states than it was few years ago. Further, this sector is now seeing an increased interest and a number of new MFIs have registered with RBI and MFIN. Adoption of newer technologies and having a multi-pronged digital strategy would certainly open up more opportunities. However, increased competition and a risk of deterioration in the field level operations of the sector could lead to worsening of credit quality. Customer outreach and connect becomes a challenge during lockdown and pandemic. Political risks, while currently low, could pose a sudden threat at the time of Local / State / National elections.

Outlook

Given the second wave of COVID-19, the near-term outlook for the sector is uncertain. This has been separately discussed in a separate section below. However, the longer-term outlook for the sector continues to remain bright. In spite of the graduation of the SFB, Mid and Small size NBFCs, MFIs continue to grow the credit market. The MFI sector is also gaining from customer credit preference from unorganized to organized sector, taking the market share away from unlicensed moneylenders and pawnbrokers. Regulatory environment is conducive for sustainable growth of the sector. Two things that would drive the sector are Customer connect (resulting in better loan origination and repayments) and Financial sustainability (to ensure good liquidity to weather economic storms). The customer onboarding journey has now been highly digitalised. While collections are increasingly becoming digital,a large portion remains to be collected in Cash. The industry has adopted an assisted cash to digital model and is trying to change employee and customer behavior, encouraging them to use digital payments. The low-income households are also now looking at other financial services to be delivered with the same efficiency and the demand for Customized credit, savings and investments is now being seen.

C. Key Highlights for FY 2021

From April 2020, the company lost physical connect and contact with its customers but was able to deploy a multi-pronged digital, call and SMS reach out program that has helped stay connected with its clients and recover collections more rapidly than the retail lending industry. The Company had a swift bounce back through the first wave of the COVID-19 crisis. Collection efficiencies improved from 3% in Apr’20 to 95% in Mar’21. The non-active clients showed a significant improvement from 94% in Apr’20 to 1% in Mar’21.

During the year, the Company's loan origination and management process has been completely digitised. The client origination, on-boarding, KYC, credit appraisal, approval, relationship management, Customer Group Training (CGT) and disbursement are all digitised. This has helped the Company become more paperless while interacting with customers and partners resulting in improved efficiencies and reduced costs. Our on-field loan origination staff are technology savvy, helping us become more paperless while interacting with customers and partners. The Company has also introduced a QR Code based collection system.

The Company received its first ever Social Impact assessment report done by Impact Investment Exchange (IIX), Singapore, in alignment with the UN SDGs for achievement of sustainable development with an impact score of 9.2 out of 10.

The Company launched three new products during the year – MEL (Micro-enterprise Loans), Aarogya Dhaara (WASH Loans) in collaboration with Water.org to focus on special loans for water, sanitation and hygiene and loans under the PM SVANidhi program which would provide financial assistance & economic upliftment of street vendors and micro entrepreneurs to help in their livelihood activities after being impacted by Covid-19. The Company has also joined hands with two new fintech partners – PayNearby and FundFina for business expansion and growth.

For the first time ever, the Company raised debt from a foreign investor and also had its first ever PSU Bank investment in its debt which is now listed on the BSE.

As on 31 March 2021, the Company's AuM stands at INR 45,924.26 Lakh.

D. Risks and Concerns

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

Given the second wave of COVID-19, there is an increased risk to the company's operations and sustainability. Additionally, there is an increasing concern due to the uncertainty witnessed because of the lockdown, which may affect the customer behavior and in turn the business operations.

The key risks perceived during the pandemic are:

1. Drop in new business due to slide in liquidity
2. Delinquency in loans
3. Reducing margins because of lower regulatory rates being charged on loans and higher cost of liquidity given the credit environment.

E. Internal control systems and their adequacy

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

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

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

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

F. COVID 19 – Outlook and Risks

The COVID-19 crisis has impacted the Global and Indian economy. With a conservative approach and prudent risk management practices, the company was able to guide its way through the crisis in FY 20-21. The management continues to keep a close watch on the developments. However, just at it seemed that India was back to normalcy, the speed and intensity of the 2nd COVID wave has hit the business operations. There is a clear disruption in the business environment. The company has had the opportunity to learn from the last year to manage the crisis and will continue to guide its customers and employees through these uncertain times. A full impact of the 2nd wave of COVID-19 is yet to unfold on our business. The key risks have been identified and discussed in detail. While there are risks to financial performance, we believe that the risks to business model and risks to sustainability are lower. The management is ready to plan, learn, react and engage with its customers, employees, regulators, funders, and all other stakeholders to guide the company through this unforeseen environmental crisis. The Company has adopted a conservative approach to provisioning which may in turn help protect the company's profitability from further deterioration in the future.

G. Discussion on financial performance with respect to operational performance

Financial Performance (in Rs. Lakh)

	2020-21 (Ind AS)	2019-20 (Ind AS)	2018-19 (IGAAP)
Total Income	10,094.50	8,817.40	4,246.03
Profit Before tax	130.08	633.84	196.17
Profit after Tax	91.70	539.69	72.69
Net worth	7,831.82	7,330.22	4,805.11
AuM	45,924.26	46,875.47	21,756.43
Borrowings	40,523.63	43,086.87	21,518.76

Total Income:

The Total income registered a growth of 14.48% to Rs. 10,094.50 Lakh in FY 2020-21 from Rs. 8,817.40 Lakh in FY 2019-20.

Net Worth:

The Company's net worth increased to Rs.7,831.82 Lakh in FY 2020-21 from Rs.7,330.22 Lakh in FY 2019-20. The increase is mainly on account of infusion of fresh capital for the growth of the business.

Loan Book:

The AuM stood at Rs. 45,924.26 Lakh (including securitization and assignment). The loan book as reflected in the balance sheet under Ind AS is Rs. 41,296.08 Lakh. The Company's loan portfolio comprises primarily of lending to Microfinance customers.

Borrowings:

During the financial year, the Company has raised Rs. 29,836.89 Lakh from banks, financial institutions and retail investors. This was done using a range of different debt products including Term loans, NCDs, PLIs & Securitizations, Direct Assignments, Commercial Papers, Compulsorily convertible debentures and Non-convertible redeemable cumulative preference shares (NCRCPS).

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

As on 31 March 2021, CML had a total head count of 852. As against 938 on March 2020. Given our industry growth and attrition, 308 people left the organisation and we hired 289 people in the current financial year. Of this, through the National Apprenticeship Promotion Scheme, "Pradhan Mantri Kaushal Vikas Yojana", via which we have hired 129 employees, thus generating 1st time employment to freshers. Both, the new joinees as well as the existing staff have been provided with adequate credit, business and customer relations training, that are required to effectively and efficiently fulfil their responsibilities. The unprecedented pandemic that hit us in 2020, took us by storm affecting all our lives severely. We did our best to navigate through this pandemic and come out stronger. Centrum collaborated with DocOnline for digital doctor consultation. All employees and their family members can avail these health services free. In the midst of this year we also celebrated our 3rd anniversary on 1st Dec 2020 through a cross state online cultural and rewards event. Each of the 130 branches participated and we shared our plans for the future. There have been no staff incidents indicative of any industrial actions in our company. Visiting the branches in the situation of a pandemic was tough, which is why we had virtual meetings with our employees to engage and maintain our connect with them, however mid-year with the easing of the travel restrictions, the Sr. Management visited branches and checked up on our employees and even made customer visits.

Cautionary Statement/Disclaimer (for this Report)

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

By order of the Board
For Centrum Microcredit Limited

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

Place: Mumbai
Date: 3rd May, 2021

Annexure B
Secretarial Audit Report

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2021

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To
The Members,
Centrum Microcredit Limited

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Centrum Microcredit Limited** (CIN: U67100MH2016PLC285378) (hereinafter called "the Company").

Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conduct, statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's statutory registers, books, papers, minute books, forms and returns filed and other records maintained by the Company and 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, 2021** complied with the statutory provisions listed hereunder and also that the Company has followed proper Board-processes and have required 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:

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

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

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

(iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings **as applicable;**

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'), as amended from time to time - **As applicable to the Company with respect to its listed debentures**

  a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 **- Not Applicable to the Company;**

  b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 **- Not Applicable to the Company;**

  c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 **- Not applicable to the Company;**

  d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 **- Not applicable**

to the Company;

e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client **- Not applicable to the Company;**

g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 **- Not applicable to the Company;**

h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 **- Not applicable to the Company;**

i) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2013 **- Not applicable to the Company;**

j) The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018.

(vi) Other specific business/industry related laws applicable to the Company - The Company has complied with the Reserve Bank of India Act, 1934, Non-Banking Financial Company – Systematically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016, Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2016, Non-Banking Financial Company Returns (Reserve Bank) Directions, 2016 and the other applicable general laws, rules, regulations and guidelines.

We have also examined compliance with the applicable clauses of the following:-

i. Secretarial Standards with regard to Meeting of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India ; and

ii. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 **to the extent of listed debentures.**

During the period under review, the Company has 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 Director, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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

The minutes of the Board meetings and Committee Meetings have not identified any dissent by members of the Board /Committee of the Board, respectively hence we have no reason to believe that the decisions by the Board were not approved by all the directors/members present.

We further report that, I was informed 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. As informed, the Company has responded appropriately to communication received from various statutory / regulatory authorities including initiating actions for corrective measures, wherever found necessary.

We further report that during the audit period the following events / actions have taken place, having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines and standards:

1. Approval of the Shareholders was obtained at the Annual General Meeting held on 31st July, 2020:

   a. to create, offer, issue and allot any securities in accordance with the provisions of Section 42, 62(1)(a), 62(1)(c), 71 of the Companies Act, 2013 on private placement or preferential allotment basis or through other modes, for cash or for consideration other than cash, at par or at premium or at discount as may be decided by the Board, in one or more tranches, to such persons or entities as the Board may decide for an aggregate amount not exceeding Rs.750 Crores;

   b. to create, offer, invitation, issue Unsecured, Unrated, Compulsorily Convertible Debentures in accordance with the provisions of Section 42, 62 and 71 of the Companies Act, 2013 aggregating up to Rs. 150 Crores on private placement or preferential basis in dematerialized form for cash or consideration other than cash, at par or at a premium or at a discount , to be issued in one or more series, with or without a put /call option to Centrum Capital Limited or Centrum Financial Services Limited any other Promoter entity or Centrum Group Company on such terms and conditions as decided by Board or any Committee of the Board;

   c. to create, offer, issue and allot Optionally Convertible Non-Cumulative/ Cumulative Preference Shares ("OCPS") and/or Compulsory Convertible Non-Cumulative / Cumulative Preference Shares ("CCPS") aggregating upto Rs. 150 Crores on private placement or preferential allotment basis or through other modes, for cash or for consideration other than cash, at par or at premium or at discount as may be decided by the Board, in one or more tranches.

2. Approval of the Shareholders was obtained at the Extra Ordinary General Meeting held on 18th September, 2020:

   a. to amend the CML Employee Incentive Plan containing the amendments for the benefit of present and future, permanent employees and directors whether whole time director or not but excluding independent directors;

   b. for the CML Employee Incentive Scheme – Series III in accordance with the CML Employee Incentive Plan.

   3. The Company has allotted 50,00,000 unrated unlisted unsecured Compulsorily Convertible Debentures of face value of Rs.10 each at par on Rights Basis on 8th December, 2020.

   4. The Company has allotted 41,00,89,500 unlisted unrated collateralized taxable Non Convertible Debentures of face value of Re.1 each aggregating upto Rs. 41,00,89,500 on a private placement basis on 22nd December, 2020.

   5. The Company has allotted 1,500 11.50% Secured Senior Rated Listed Redeemable NCDs of face value of Rs.1,00,000/- each on a private placement basis on 31st December, 2020.

   6. The Company had executed a Listing Agreement on 28th December, 2020 with BSE Limited and had listed its Non-Convertible Debentures worth Rs. 15 Crores on BSE Limited with effect from 6th January, 2021.

   7. The Company has allotted 80 Secured, Unlisted, Unrated, Collateralized, Taxable, Redeemable, Non-Convertible Debentures of face value of RS.10,00,000/- on private placement basis on 30th January, 2021.

   8. Approval of the Shareholders was obtained at the Extra Ordinary General Meeting held on 17th February, 2021 for amendment to CML employee incentive scheme viz. the CML employee incentive scheme series III.

   9. Approval of the Shareholders was obtained at the Extra Ordinary General Meeting held on 12th March, 2021:

a. for increase in the Authorised Share Capital of the Company from Rs. 85,00,00,000/- (Rupees Eighty-Five Crores Only) divided into 8,50,00,000 (Eight Crore Fifty Lacs) Equity Shares of Rs.10/- (Rupees Ten Only) each to Rs. 90,01,00,000/- (Rupees Ninety Crores One Lac Only) divided into 8,50,00,000 (Eight Crore Fifty Lacs) Equity Shares of Rs.10/- (Rupees Ten Only) each and 50,10,000 (Fifty Lakh Ten Thousand only) preference shares of Rs. 10/- (Rupees Ten only) each by creation of additional 50,10,000 (Fifty Lakh Ten Thousand only) preference shares of Rs. 10/- (Rupees Ten only) and amendment to Memorandum of Association of the Company pursuant to increase in the Authorised Share Capital;

b. to create, offer, issue and allot 50,05,240 Non-Convertible, Redeemable, Cumulative, Preference Shares ("NCRCPS") aggregating upto Rs. 5,00,52,400 (Rupees Five Crores Fifty Two Thousand Four Hundred), on rights issues basis or through other modes, for cash or for consideration other than cash, at par or at premium or at discount as may be decided by the Board, in one or more tranches, as may be decided by the Board of Directors of the Company or any Committee of the Board

Place : Mumbai
Date : 3rd May, 2021

ALWYN JAY & Co.
Company Secretaries

Office Address :
Annex-103, Dimple Arcade,
Asha Nagar, Kandivali (East),
Mumbai 400101.

[Alwyn D'Souza, FCS.5559]
[Partner]
[Certificate of Practice No.5137]
[UDIN : F005559C000237989]

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

Annexure A
Secretarial Audit Report

To
The Members,
Centrum Microcredit Limited

Secretarial Audit Report of even date is to be read along with this letter.

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

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

3. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial and other legal records, legal compliance mechanism and corporate conduct. Further part of the verification was done on the basis of electronic data provided to us by the Company due to COVID-19 lockdown and on test check basis to ensure that correct facts as reflected in secretarial and other records produced to us. We believe that the processes and practices we followed, provides a reasonable basis for our opinion for the purpose of issue of the Secretarial Audit Report.

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

5. Wherever required, we have obtained the management representation about list of applicable laws, compliance of laws, rules and regulations and major events during the audit period.

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.

Place : Mumbai
Date : 3rd May, 2021

ALWYN JAY & Co.
Company Secretaries

Office Address :
Annex-103, Dimple Arcade,
Asha Nagar, Kandivali (East),
Mumbai 400101.

[Alwyn D'Souza, FCS. 5559]
[Partner]
[Certificate of Practice No. 5137]
[UDIN : F005559C000237989]

NOMINATION AND REMUNERATION POLICY

(Reviewed on November 5, 2020)

BACKGROUND

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

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

1. Objectives & Applicability

The NRC and this Policy shall be in compliance with Section 178 of the Companies Act, 2013 read along with the applicable guidelines of the Listing Regulations.

The Key Objectives of the NRC shall be:

- To guide the Board in relation to the appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation by the Board.
- To recommend to the Board on remuneration payable to the Directors, Key Managerial Personnel and Senior Management.
- To provide to Key Managerial Personnel and Senior Management rewards linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
- To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
- To devise a policy on Board diversity
- To develop a succession plan for the Board and to regularly review the plan

Applicability:

a) Directors (Executive and Non-Executive)

b) Key Managerial Personnel

c) Senior Management Personnel

2. DEFINITIONS

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

2.2. Board means Board of Directors of the Company.

2.3. The Company shall mean Centrum Microcredit Limited

2.4. Directors mean Directors of the Company.

2.5. Key Managerial Personnel means

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

2.6. Senior Management means officers one level below the Executive Directors on the Board, including function heads.

3. ROLE OF NRC

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

The Committee shall:

- Formulate the criteria for determining qualifications, positive attributes and independence of a Director.
- Identify persons who are qualified to become Directors and persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down in this Policy.
- Recommend to the Board, appointment including the terms and removal of Directors, KMPs and Senior Management Personnel.

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

3.2.1. Appointment criteria and qualifications

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

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

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

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

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

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

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

3.2.2. Term / Tenure

a) Managing Director/Whole-time Director:

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

b) Independent Director:

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

- No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly. However, if a person who has already served as an Independent Director for 5 years or more in the Company as on October 1, 2014 or such other date as may be determined by the Committee as per regulatory requirement; he/ she shall be eligible for appointment for one more term of 5 years only.
- At the time of appointment of Independent Director it shall be ensured that the number of Boards on which such Independent Director serves as an Independent Director is restricted to seven listed companies and three listed companies in case such person is serving as a Whole-time Director of a listed company or such other number as may be prescribed under the Act.

3.2.3. Evaluation

The Committee/ Board shall carry out evaluation of performance of every Director, KMPs and Senior Management Personnel at regular interval (Yearly).

A. Non–Executive Directors/ Independent Directors:

The NRC/ Board shall carry out evaluation of performance of Non-Executive Directors/ Independent Directors every year ending March 31st on the basis of the following criteria:

1. Number of the Board/ Committee meetings attended
2. Contribution during the Meetings.
3. Informal Interaction with the Management
4. Active Participation in strategic decision making
5. Inputs to executive management on matters of strategic importance

B. Executive Directors

The Committee shall carry out the evaluation of every Executive Directors, on a yearly basis.

C. Senior Management/ KMPs/ Employees

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

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

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

3.2.4. Removal

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

3.2.5. Retirement

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

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

3.3.1. General:

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

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

b) The remuneration / compensation / commission etc. to the Executive Directors, KMPs and Senior Management Personnel will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the prior/ post approval of the shareholders of the Company and Central Government, wherever required.

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

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

3.3.2. Remuneration to Whole-time Directors, KMPs a n d Senior Management Personnel:

a) Fixed pay:

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

b) Minimum Remuneration:

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

c) Provisions for excess remuneration:

If any Whole-time Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Act or without the prior sanction of the Central

Government, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

3.3.3. Remuneration to Non- Executive / Independent Director:

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

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

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

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

Overall remuneration practices shall be consistent with recognised best practices.

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

4. NOMINATION DUTIES

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

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

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

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

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

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

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

4.6 Evaluating the performance of the Board members and Senior Management in the context of the Company’s performance from business and compliance perspective;

4.7 Making recommendations to the Board concerning any matters relating to the continuation in office of any

Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract.

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

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

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

5. REMUNERATION DUTIES

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

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

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

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

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

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

6. MINUTES OF COMMITTEE MEETING

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

7. REVIEW AND AMMENDMENT

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

8. COMPLIANCE RESPONSIBILITY

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

Annexure E

CORPORATE SOCIAL RESPONSIBILITY

1. Brief outline of the CSR Policy of the Company

The Company, being a part of the Centrum Group, which has established the 'Centrum Foundation', which is a registered trust and formed with the aim of providing a dedicated approach to community development and to fulfill the CSR commitments of the Centrum Group of Companies in letter and spirit. The Group's focus has always been to contribute to the sustainable development of the society and environment and to make our planet a better place for the future generations.

Corporate Social Responsibility of the Company is strongly connected with the principles of Sustainability. It believes that an organization should make decisions based not only on financial factors but also considering the social and environmental consequences. As a Corporate Citizen receiving various benefits from our society, it is our co-extensive responsibility to pay back in return to the society in terms of helping the needy people by providing food, clothing etc., keeping the environment clean and safe for the society by adhering to the best industrial practices and adopting best technologies and so on. It is the Company's intent to make a positive contribution to the society in which the Company operates.

The Company's CSR policy encompasses the Company's philosophy for delineating its responsibility as a corporate citizen and lays down the guidelines and mechanism for undertaking socially useful programmes for the welfare & sustainable development of the community at large, and applies to all the CSR initiatives and activities taken up at the various work-centers and locations of the Company, for the benefit of the different segments of the society, specifically the deprived, under-privileged and differently-abled persons. It is a catalyst for social empowerment. It is the reason behind the smiles that light up a million faces.

In accordance with the CSR Policy of the Company, the CSR initiatives are focused on the following pre-identified areas:

- **NATIONAL APPRENTICESHIP PROMOTION SCHEME:** Hiring individuals through the National Apprenticeship Promotion Scheme helps us address any skill gap in the industry, we are able to reduce the attrition levels and customize training. The scheme entails creating first time employment for freshers and providing financial support to establishments undertaking apprenticeship programs. Additionally this in line with the Government of India's goal of reducing unemployment in India.

- **DISASTER AND EMERGENCY RELEIF:** Providing Food and other basic essentials to the affected families with the objective of easing food troubles in times of crisis.

- **EDUCATION & LITERACY:** Promoting computer literacy to help bridge the technology gap between urban and rural schools by providing better education and career opportunities. Providing old/ unused laptops also serve to recycle E-waste.

- **ASSISTING CENTRUM FOUNDATION:** Assisting Centrum Foundation in any CSR related activities conducted by them.

- **Any other activities** as may be permitted under Schedule VII of the Act, as amended from time to time. Schedule VII is an indicative list of activities, while activities other than those mentioned in Schedule VII can be carried out, but in substance they should be based on the subjects outlined therein. Further, the activities mentioned in Schedule VII should be interpreted liberally.

2. **Composition of CSR Committee:**

Sl. No.	Name of the Director	Designation/ Nature of Directorship	Position in the Committee
1.	Mr. Ranjan Ghosh	Non-Executive Chairman	Chairman
2.	Mr. Prashant Thakker	Executive Director & CEO	Member
3.	Mr. Subhash Kutte	Independent Director	Member

Section 135 of the Companies Act, 2013 was amended vide Companies (Amendment) Act, 2020, according to which the requirement of constitution of CSR Committee shall not be applicable to a company in case the amount required to be spent on CSR does not exceed Rs. 50 lakh. Accordingly, the Board at its meeting held on November 5, 2020, had approved that going forward all functions of CSR Committee of the Company will be discharged by the Board of directors till the Company reached a particular scale.

3. **Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company:**

URL: http://centrummicrocredit.com/policies

4. **Provide the 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, if applicable (attach the report)** – 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-**

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in Rs.)	Amount required to be set-off for the financial year, if any (in Rs.)
1	2020-21	Nil	Nil
	TOTAL	**Nil**	**Nil**

6. **Average net profits of the company as per section 135(5) - Rs. 3,58,58,515**

7. **(a) Two percent of average net profits of the company as per section 135(5): Rs. 7,17,170**

   (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. 7,17,170

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

Total Amount Spent for the Financial Year. (in Rs.)	Amount Unspent (in Rs.)				
	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	Date of transfer	Name of the Fund	Amount	Date of transfer
4,583,844	NA	NA	NA	NA	NA

(b) Details of CSR amount spent against ongoing projects for the financial year: Not Applicable

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

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	**Name of the Project**	**Item from the list of activities in schedule VII to the Act.**	**Local area (Yes/ No).**	**Location of the project.**		**Amount spent for the project (in Rs.).**	**Mode of implementation - Direct (Yes/ No).**	**Mode of implementation – Through implementing agency.**	
				State.	District.			Name	CSR Registration number
1.	National Apprenticeship Promotion Scheme (NAPS)	ii	Yes	NA	NA	38,26,464	Yes	NA	
2.	PM Relief Fund	viii	NA	NA	NA	6,00,000	Yes	NA	
3.	Natural Calamity Relief (Covid, Cyclonic storms)	viii	Yes	NA	NA	1,57,380	Yes	NA	
	TOTAL					**4,583,844**			

(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 4,583,844

(g) Excess amount for set off, if any:

Sl. No.	Particular	Amount (in Rs.)
(i)	Two percent of average net profit of the company as per section 135(5)	717,170
(ii)	Total amount spent for the Financial Year	4,583,844
(iii)	Excess amount spent for the financial year [(ii)-(i)]	3,866,674
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	-
(v)	Amount available for set off in succeeding financial years	3,866,674

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. Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset) **- Not Applicable**

12. 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.**

BY ORDER OF THE BOARD
FOR CENTRUM MICROCREDIT LIMITED

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

Place: Mumbai
Date: 03rd May, 2021

Annexure F
Extract of Annual Return as on the financial year ended 31st March, 2021

Form No. MGT-9

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

I. REGISTRATION AND OTHER DETAILS:

i.	CIN	U67100MH2016PLC285378
ii.	Registration Date	31/08/2016
iii.	Name of the Company	Centrum Microcredit Limited
iv.	Category / Sub-Category of the Company	Public Company / Limited by shares
v.	Address of the Registered office & Corporate Office and Contact details	Level 9-Unit-801, Centrum House, C.S.T. Road, Vidyanagari Marg, Kalina, Santacruz East, Mumbai-400098. Corporate Office :Neel Kanth Corporate Park, Level 4 Office # 402, 4th Floor, Kirol Road, Vidyavihar (West),Mumbai 400086.
vi.	Whether listed Company	Yes (Listed on WDM Segment of BSE Limited)
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	Link Intime India Private Limited,C-101, 247 Park L.B.S. Marg, Vikhroli (W) Mumbai 400 083 Tel No: +91 22 49186000

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sr. No.	Name and Description of main products / Services	NIC Code of the Product/ service	% to total turnover of the Company
1	Microfinance	64920	**94.19%**

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

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

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

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the end of the year				No. of Shares held at the end of the year				% Change during the year
	31-03-2020				31-03-2021				
	Demat	Physi-cal	Total	% of Total share capital	Demat	Physi-cal	Total	% of Total share capital	
A. Promoters									
(1) Indian									
(a)Individuals/ HUF	-	-	-	-	-	-	-	-	
(b) Central Govt	-	-	-	-	-	-	-	-	
(c) State Govt(s)	-	-	-	-	-	-	-	-	
(d) Bodies Corp.	**7,05,28,306**	-	**7,05,28,306**	**100**	**7,05,28,306**	-	**7,05,28,306**	**100**	-
(e) Banks / FI			-				-		
(f) Any Other.			-				-		
Sub Total (A)(1):-	**7,05,28,306**	-	**7,05,28,306**	**100**	**7,05,28,306**	-	**7,05,28,306**	**100**	-
(2) Foreign	-	-	-	-	-	-	-	-	
(a) NRI Individuals	-	-	-	-	-	-	-	-	
(b) Other Individuals	-	-	-	-	-	-	-	-	
(c) Bodies Corp.	-	-	-	-	-	-	-	-	
(d) Banks / FI	-	-	-	-	-	-	-	-	
(e) Any Other....	-	-	-	-	-	-	-	-	
Sub Total (A)(2):-	-	-	-	-	-	-	-	-	
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**7,05,28,306**	-	**7,05,28,306**	**100**	**7,05,28,306**	-	**7,05,28,306**	**100**	-
B. Public Shareholding	-	-	-	-	-	-	-	-	
(1) Institutions	-	-	-	-	-	-	-	-	
(a) Mutual Funds	-	-	-	-	-	-	-	-	
(b) Banks FI	-	-	-	-	-	-	-	-	
(c) Central Govt	-	-	-	-	-	-	-	-	
(d) State Govt(s)	-	-	-	-	-	-	-	-	
(e) Venture Capital Funds	-	-	-	-	-	-	-	-	
(f) Insurance Companies	-	-	-	-	-	-	-	-	
(g) FIIs	-	-	-	-	-	-	-	-	
(h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	
(i) Others (specify)	-	-	-	-	-	-	-	-	
* Financial Institutions	-	-	-	-	-	-	-	-	
* Government Companies	-	-	-	-	-	-	-	-	
* State Financial Corporation	-	-	-	-	-	-	-	-	
* Market Makers	-	-	-	-	-	-	-	-	
* Any Other	-	-	-	-	-	-	-	-	

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

(ii) Shareholding of Promoters

Sr No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share-holding during the year
		01-04-2020			31-03-2021			
		No. of Shares	% of Total Shares of the Company	% of Shares Pledged / Encumbered to total shares	No. of Shares	% of Total Shares of the Company	% of Shares Pledged / Encumbered to total shares #	
1	Centrum Capital Limited	7,05,28,306	100	0	70,528,306	100	0	-

(iii) Change in Promoters' Shareholding

Sr. no	Shareholder's Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	Centrum Capital Limited	7,05,28,306	100	7,05,28,306	100

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

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

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

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

V. INDEBTEDNESS

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

Particulars	Secured loans excluding deposits	Unsecured loans	Deposits	Total Indebtedness
	₹ in lakh	₹ in lakh	₹ in lakh	₹ in lakh
Indebtedness at the beginning of the financial year				
i) Principal Amount	39,286.87	3,800.00	-	43,086.87
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	305.28	5.38	-	310.67
Total (i+ii+iii)	39,592.15	3,805.38	-	43,397.54
Indebtedness at the beginning of the financial year				
Addition (net)	28,519.15	5,707.01	-	34,226.16
Reduction	32,665.98	4,123.42	-	36,789.40
Exchange difference	-	-	-	-
Net change	-4,146.83	1,583.59	-	-2,563.24
Indebtedness at the end of the financial year				
i) Principal Amount	35,140.04	5,383.59	-	40,523.63
ii) Interest due but not paid	-	-	-	0
iii) Interest accrued but not due	304.90	1.18	-	306.07
Total (i+ii+iii)	35,444.93	5,384.77	-	40,829.70

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

₹ in lakh

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount
		ED & CEO	Manager*	
	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	72.53	29.00	101.53
	Stock Option (nos. in lakh)	7.00	Nil	7.00
	Sweat Equity	Nil	Nil	Nil
	Commission- as % of profit - others, specify...	Nil	Nil	Nil
	Others, Performance Bonus	25.00	Nil	25.00
	Total (A)	**97.53**	**29.00**	**126.53**
	Ceiling as per the Act	10 % of the Net Profit as per Section 197		

**Resigned as Manager w.e.f 01/11/2020*

B Remuneration to other directors

₹ in lakh

Sl. No.	Particulars of Remuneration	Name of other Directors			Total Amount
		Suresh Krishna Kodihalli	Subhash Kutte*	Jayshree Venkatesan**	
	Independent Directors • Fee for attending board committee meetings • Commission • Others, please specify	5.4 - -	3.3 - -	3.9 - -	12.6 - -
	Total (1)	**5.4**	**3.3**	**3.9**	**12.6**
Sl. No.	**Particulars of Remuneration**	**Rishad Byramjee**	**Ranjan Ghosh**		
	Other Non-Executive Directors • Fee for attending board committee meetings • Commission • Others, please specify Stock Options (nos.in lakh)	5.1	- 3,50,000 -		5.1 - -
	Total (2)	**5.1**	**-**		**5.1**
	Total (B)=(1+2)		**-**		**17.7**
	Overall Ceiling as per the Act	11% of the Net Profit as per Section 197			

**Mr. Subhash Kutte was appointed as Independent Director w.e.f. August 20, 2020.*

*** Ms. Jayshree Venkatesan resigned as Independent Director w.e.f November 22, 2020.*

**** Mr. Shailendra Apte and Ms. Deepa Poncha were not paid any amount as remuneration during the year.*

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

(₹in lakh)

Sr. no.	Particulars of Remuneration	Key Managerial Personnel			
		CS*	CFO#	CFO##	Total
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	7.50	16.66	24.16
2.	Stock Option (nos. in lakh)		-	-	-
3.	Sweat Equity		-	-	-
4.	Commission - as % of profit - others, specify...		-	-	-
5.	Others, please specify		-	-	-
6.	**Total**		**7.50**	**16.66**	**24.16**

**Remuneration is drawn from Group Company.*

 # From 1 April 2020 till 31 August 2020

Was appointed as CFO w.e.f 5 November 2020

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

BY ORDER OF THE BOARD
FOR CENTRUM MICROCREDIT LIMITED

Ranjan Ghosh
Non-Executive Chairman
DIN: 07592235

Prashant Thakker
Executive Director & CEO
DIN: 07405451

Place: Mumbai
Date: 03rd May 2021

HARIBHAKTI & CO. LLP
Chartered Accountants

INDEPENDENT AUDITOR'S REPORT

To the Members of Centrum Microcredit Limited

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the accompanying Ind AS financial statements of **Centrum Microcredit Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the Ind AS financial statements including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Indian Accounting Standards ("Ind AS") prescribed under section 133 of the Act, of the state of affairs of the Company as at March 31, 2021, its profit (including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Emphasis of Matter

We draw attention to the following matters in the notes to the Ind AS financial statements:

1. Note 42 which describes the staging of accounts to whom moratorium benefit was extended and uncertainty caused by COVID-19 pandemic with respect to the Company's estimates of impairment of loans to customers and recoverability of all other assets. Further, the extent to which the COVID-19 pandemic will impact the Company's financial performance is dependent on future developments, which are highly uncertain.

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2. Note 55 which describes that the moratorium is granted by the Company to the eligible borrowers on monthly basis. However, the disclosure under RBI circular no. RBI/2019-20/220 DOR.No.BP.BC.63/21.04.048/2019-20 dated April 17, 2020 is made for the outstanding amount as on March 31, 2021 of the accounts which were classified as standard but overdue as on February 29, 2020 and to whom moratorium was granted in the month of March 2020.

Our opinion is not modified in respect of these matters.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Ind AS financial statements of the current year. These matters were addressed in the context of our audit of the Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matter described below to be the key audit matter to be communicated in our report.

Impairment Loss Allowance of loans and advances

(as described in Note 5, 42, 50 (xxiii) & 50(xxv) of the Ind AS financial statements)

Impairment loss allowance of loans and advances ("Impairment loss allowance") is a Key Audit Matter as the Company has significant credit risk exposure considering the loan portfolio across a wide geographical range. The value of loans and advances on the balance sheet is significant and there is a high degree of complexity and judgment involved in estimating credit impairment provisions and to additionally determine the potential impact of unprecedented COVID 19 pandemic on asset quality and provision of the Company. The Company's model to calculate expected credit loss ("ECL") is inherently complex and judgment is applied in determining the correct construction of the three-stage impairment model ("ECL Model") including the selection and input of forward looking information. ECL provision calculation require the use of large volumes of data. The completeness and reliability of data can significantly impact accuracy of the modelled impairment provisions. The accuracy of data flows and the implementation of related controls are critical for the integrity of the estimated impairment provisions. ECL involves an estimation of probability weighted loss on financial instruments over their life, considering reasonable and supportable information about past events, current conditions, and forecasts of future economic conditions which could impact the credit quality of the Company's loans and advances.

Principal Audit Procedures

We have started our audit procedures with understanding of the internal control environment related to Impairment loss allowance. Our procedures over internal controls focused on recognition and measurement of impairment loss allowance. We assessed the design and tested the operating effectiveness of the selected key controls implemented by the Company.

We also assessed whether the impairment methodology used by the Company is in accordance with the assumptions and methodology approved by the Board of Directors of the Company which is based on and in compliance with Ind AS 109 "Financial Instruments". Particularly we assessed the approach of the Company regarding definition of Default, Probability of Default, Loss Given Default and incorporation of forward-looking information for the calculation of ECL.

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For loans and advances which are assessed for impairment on a portfolio basis, we performed particularly the following procedures:

- We tested the reliability of key data inputs and related management controls;
- We checked the stage classification as at the balance sheet date as per the definition of Default of the Company;
- We have checked on sample basis the stage classification for the borrowers has been given in accordance with the Resolution Framework issued by Reserve Bank of India (RBI) and the Board approved policy for ECL provisioning and stage classification with respect to such accounts;
- We have verified whether the ECL provision is made in accordance with the Board approved policy in this regard;
- We have also calculated the ECL provision manually for selected samples;
- We have reviewed the process of the Company to grant moratorium to the borrowers as per the Regulatory Package announced by RBI. Further, we have relied on the assumption of the management that there will be no significant increase in the credit risk in the cases where moratorium is given and that the staging based on the days past due (DPD) will be considered as per the RBI COVID-19 Regulatory Package. We have tested on samples basis, the DPD freeze for cases where moratorium is provided and not provided in accordance with RBI COVID-19 Regulatory Package;
- With respect to additional provision made by the Company on account of the impact of COVID-19 pandemic, we broadly reviewed the underlying assumptions and estimates used by the management for the same but as the extent of impact is dependent on future developments which are highly uncertain, we have primarily relied on those assumptions and estimates. These assumptions and estimates are a subject matter of periodic review by the Company; and
- We have checked the provision on Loan Assets as per IRACP norms as required under RBI circular dated March 13, 2020. We have checked the DPD and provision in accordance with the RBI regulations in that regard further considering the Regulatory Packages issued by RBI dated March 27, 2020 and May 23, 2020 and RBI circular dated April 17, 2020.

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's Report and Management Discussion and Analysis, but does not include the Ind AS financial statements and our auditor's report thereon. The Director's Report and Management Discussion and Analysis are expected to be made available to us after the date of this auditor's report.

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

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

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When we read the Director's Report and Management Discussion and Analysis, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Ind AS Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Ind AS financial statements of the current year 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.

Report on Other Legal and Regulatory Requirements

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

HARIBHAKTI & CO. LLP
MUMBAI
CHARTERED ACCOUNTANTS

HARIBHAKTI & CO. LLP
Chartered Accountants

(2) As required by section 143(3) of the Act, we report that:

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

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

c. The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this report are in agreement with the books of account;

d. In our opinion, the aforesaid Ind AS financial statements comply with the Ind AS prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended;

e. On the basis of the written representations received from the directors as on March 31, 2021, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 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 2";

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

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

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

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

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

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HARIBHAKTI & CO. LLP
Chartered Accountants

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

For Haribhakti & Co. LLP

Chartered Accountants

ICAI Firm Registration No.103523W / W100048

Sumant Sakhardande

Partner

Membership No.034828

UDIN: 21034828AAAACQ1880

Place: Mumbai

Date: May 03, 2021

HARIBHAKTI & CO. LLP MUMBAI CHARTERED ACCOUNTANTS

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HARIBHAKTI & CO. LLP
Chartered Accountants

ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT

[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section in the Independent Auditor's Report of even date to the members of **Centrum Microcredit Limited** on the Ind AS financial statements for the year ended March 31, 2021]

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

(i)

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

(b) During the year, the fixed assets of the Company have been physically verified by the management and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification is reasonable having regard to the size of the Company and the nature of its assets.

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

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

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

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

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

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

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

HARIBHAKTI & CO. LLP ★ MUMBAI ★ CHARTERED ACCOUNTANTS

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

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Chartered Accountants

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

(vii)

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

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

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

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

(ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments) during the year. In our opinion on overall examination of the Balance Sheet, the Company has prima facie utilized the moneys raised by way of the term loans were applied for the purposes for which the loans were obtained, though idle funds which were not required for immediate utilisation were temporarily invested in mutual funds or fixed deposits.

(x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud by the Company or any fraud on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such instance by the management except for instance of cash embezzlement by loan officers of the Company amounting to Rs. 5.48 Lacs out of which an amount of Rs. 2.34 Lacs has been recovered.

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

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

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

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HARIBHAKTI & CO. LLP
Chartered Accountants

(xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Therefore, clause 3(xiv) of the Order is not applicable to the Company.

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

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

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

HARIBHAKTI & CO. LLP MUMBAI CHARTERED ACCOUNTANTS

Sumant Sakhardande
Partner
Membership No.034828
UDIN: 21034828AAAACQ1880
Place: Mumbai
Date: May 03, 2021

Haribhakti & Co. LLP, Chartered Accountants Regn. No. AAC- 3768, a limited liability partnership registered in India (converted on 17th June, 2014 from a firm Haribhakti & Co. FRN: 103523W)
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HARIBHAKTI & CO. LLP
Chartered Accountants

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT
[Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section in our Independent Auditor's Report of even date to the members of **Centrum Microcredit Limited** on the Ind AS financial statements for the year ended March 31, 2021]

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

We have audited the internal financial controls with reference to financial statements of **Centrum Microcredit Limited** ("the Company") as of March 31, 2021 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

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

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

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

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

HARIBHAKTI & CO. LLP MUMBAI CHARTERED ACCOUNTANTS

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HARIBHAKTI & CO. LLP
Chartered Accountants

Meaning of Internal Financial Controls with reference to Financial Statements

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

Inherent Limitations of Internal Financial Controls with reference to Financial Statements

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

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2021, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal controls stated in the Guidance Note issued by the ICAI.

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

HARIBHAKTI & CO. LLP MUMBAI CHARTERED ACCOUNTANTS

Sumant Sakhardande
Partner
Membership No.034828
UDIN: 21034828AAAACQ1880
Place: Mumbai
Date: May 03, 2021

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Balance Sheet as at 31st March, 2021

Particulars	Note No.	As at 31st March, 2021 ₹ in lakh	As at 31st March, 2020 ₹ in lakh
ASSETS			
Financial assets			
Cash and cash equivalents	2	3,037.31	1,844.03
Bank balances other than cash and cash equivalents above	3	2,107.04	2,249.77
Receivables	4		
(I) Trade receivables		9.53	14.97
(II) Other receivables		-	-
Loans	5	42,693.51	44,319.58
Other financial assets	6	184.06	241.81
TOTAL		**48,031.45**	**48,670.16**
Non-financial assets			
Current tax assets (net)	7	154.21	108.68
Property, plant and equipment	8A	94.00	147.27
Right of Use - Premises	8B	21.16	19.89
Goodwill	8C	2,501.35	2,501.35
Other Intangible assets	8D	8.40	11.76
Other non-financial assets	9	75.72	64.77
TOTAL		**2,854.84**	**2,853.72**
TOTAL ASSETS		**50,886.29**	**51,523.88**
LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
Payables			
(I) Trade payables			
(i) total outstanding dues of micro enterprises and small enterprises	10	5.14	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	10	123.83	103.03
(II) Other Payables			
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		-	-
Debt securities	11	14,634.60	13,091.22
Borrowings (other than debt securities)	12	24,693.92	29,300.94
Subordinated liabilities	13	1,501.18	1,005.38
Other financial liabilities	14	1,884.18	420.55
TOTAL		**42,842.85**	**43,921.12**
Non-financial Liabilities			
Current tax liabilities (net)	15	-	-
Provisions	16	12.25	33.71
Deferred tax liabilities (net)	30.2	121.90	140.83
Other non-financial liabilities	17	77.47	98.00
TOTAL		**211.62**	**272.54**
EQUITY			
Equity share capital	18	7,052.83	7,052.83
Other equity	19	778.99	277.39
TOTAL		**7,831.82**	**7,330.22**
TOTAL LIABILITIES AND EQUITY		**50,886.29**	**51,523.88**
Statement of significant accounting policies and other explanatory notes	1		

As per our report of even date

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

Sumant Sakhardande
Partner
Membership No 034828

Mumbai
03 May, 2021

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

Ranjan Ghosh
Chairman
DIN 07592235

Prashant Thakker
Executive Director & CEO
DIN 07405451

Asit Hemani
Chief Financial Officer

Bhumika Jani
Company Secretary

Mumbai
03 May, 2021

Mumbai
03 May, 2021

Statement of Profit and Loss for the year ended 31st March, 2021

Particulars	Note No.	For the year ended March 31, 2021 ₹ in lakh	For the year ended March 31, 2020 ₹ in lakh
Revenue from operations			
Interest income	20	9,686.54	8,149.92
Fees and commission income	21	20.26	44.80
Net gain on fair value changes	22	15.04	86.70
Net gain on derecognition of financial instruments under amortised cost category	23	319.71	305.00
Other operating revenue	24	4.20	2.49
Total revenue from operations		**10,045.75**	**8,588.91**
Other income	25	48.75	228.49
Total income		**10,094.50**	**8,817.40**
Expenses			
Finance costs	26	5,814.61	4,800.96
Impairment on financial instruments	27	563.93	149.12
Employee benefits expenses	28	2,565.06	2,143.94
Depreciation, amortisation and impairment	8	82.36	115.40
Other expenses	29	938.46	974.14
Total expenses		**9,964.42**	**8,183.56**
Profit before tax		**130.08**	**633.84**
Tax expense:			
- Current tax	30	60.31	-
- Deferred tax	30	(21.93)	94.15
Total tax expense		**38.38**	**94.15**
Net Profit for the year		**91.70**	**539.69**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
- Remeasurements of post-employment benefit obligations		11.94	(0.31)
- Income tax relating to these items		(3.00)	0.08
Items that will be reclassified to profit or loss		-	-
Other comprehensive income/(loss) for the year	**19**	**8.94**	**(0.23)**
Total comprehensive income for the year		**100.64**	**539.46**
Earnings per equity share	31		
Face value of ₹10 per share			
- Basic (₹)		0.13	0.92
- Diluted (₹)		0.13	0.92
Statement of significant accounting policies and other explanatory notes	1		

As per our report of even date

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

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

Sumant Sakhardande
Partner
Membership No 034828

Ranjan Ghosh
Chairman
DIN 07592235

Prashant Thakker
Executive Director & CEO
DIN 07405451

Asit Hemani
Chief Financial Officer

Bhumika Jani
Company Secretary

Mumbai
03 May, 2021

Mumbai
03 May, 2021

Mumbai
03 May, 2021

Statement of changes in equity for the year ended 31st March, 2021

A. Equity share capital

Particulars	Number of shares (in lakh)	₹ in lakh
As at 31st March, 2019	**495.28**	**4,952.83**
Changes in equity share capital during the year	210.00	2,100.00
As at 31st March, 2020	**705.28**	**7,052.83**
Changes in equity share capital during the year	-	-
As at 31st March, 2021	**705.28**	**7,052.83**

B. Other equity

₹ in lakh

Particulars	Equity Component of Compound Financial Instrument	Reserves and surplus			Employees' stock options outstanding	Impairment Reserve	Other comprehensive income	Total
		Statutory reserve	Capital contribution	Retained earnings				
Balance as at 01st April, 2019	**-**	**14.54**	**19.93**	**(314.97)**	**-**	**-**	**1.19**	**(279.31)**
Profit for the year	-	-	-	539.69	-	-	-	**539.69**
Other comprehensive income for the year (net of tax)	-	-	-	-	-	-	(0.23)	**(0.23)**
Transferred to / (from) (Refer note 19 - Other Equity)	-	107.94	10.51	(196.95)	6.73	89.01	-	**17.24**
Balance as at 31st March, 2020	**-**	**122.48**	**30.44**	**27.77**	**6.73**	**89.01**	**0.96**	**277.39**
Balance as at 01st April, 2020	**-**	**122.48**	**30.44**	**27.77**	**6.73**	**89.01**	**0.96**	**277.39**
Profit for the year	-	-	-	91.70	-	-	-	**91.70**
Other comprehensive income for the year (net of tax)	**-**	**-**	**-**	**-**	**-**	**-**	**8.94**	**8.94**
Transferred to / (from) (Refer note 19 - Other Equity)	**375.38**	**18.34**	**0.13**	**(18.34)**	**25.45**	**-**	**-**	**400.96**
Balance as at 31st March, 2021	**375.38**	**140.82**	**30.57**	**101.13**	**32.18**	**89.01**	**9.90**	**778.99**

Statement of significant accounting policies and other explanatory notes 1

As per our report of even date

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

Sumant Sakhardande
Partner
Membership No 034828

Mumbai
03 May, 2021

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

Ranjan Ghosh
Chairman
DIN 07592235

Prashant Thakker
Executive Director & CEO
DIN 07405451

Asit Hemani
Chief Financial Officer

Bhumika Jani
Company Secretary

Mumbai
03 May, 2021

Mumbai
03 May, 2021

Cash flow statement for the year ended 31st March, 2021

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
	₹ in lakh	₹ in lakh
Cash flow from operating activities		
Profit before tax	130.08	633.84
Adjustments for :		
Depreciation and amortisation	82.36	115.40
Gain on direct assignment *	(341.39)	(356.56)
Impairment on financial instruments	563.33	149.12
Finance costs (excluding interest on lease liabilities)	5,812.79	4,796.32
Interest Income	(9,686.54)	(8,149.92)
Bad debts written off	0.60	-
Loss on write off of fixed assets	0.38	-
Share based payments to employees	25.45	6.73
Net gain on financial instruments at fair value through profit & loss	(15.04)	(86.70)
Stamp duty expenses incurred on increase in authorised share capital	4.77	28.50
Cash inflow from interest income	7,886.40	7,670.96
Cash outflow towards finance costs	(5,817.38)	(4,527.15)
Operating profit/(loss) before working capital changes	**(1,354.19)**	**280.54**
Changes in working capital :		
Increase/(decrease) in trade payables	25.94	2.87
Increase/(decrease) in other financial liabilities	1,483.38	400.87
Increase/(decrease) in provisions	(9.52)	13.24
Increase/(decrease) in other non-financial liabilities	(20.53)	42.50
(Increase)/decrease in fixed deposits(net)	142.43	(1,217.73)
(Increase)/decrease in loans(net)	3,204.44	(13,176.75)
(Increase)/decrease in trade receivables	5.44	(10.51)
(Increase)/decrease in other financial assets	57.74	(599.98)
(Increase)/decrease in other non-financial assets	(10.96)	37.59
Cash generated from/ (used in) operating activities before tax	**3,524.17**	**(14,227.36)**
Income taxes paid (net)	(105.84)	(158.75)
Net cash generated from/(used in) operating activities (A)	**3,418.33**	**(14,386.11)**
Cash flows from investing activities		
Income from sale of investments	15.04	86.70
Purchase consideration paid on business combination	-	(1,877.18)
Purchase of property, plant and equipment	(25.34)	(110.61)
Purchase of intangible assets	(2.02)	(15.02)
Net cash flows (used in) investing activities (B)	**(12.32)**	**(1,916.11)**
Cash flows from financing activities		
Proceeds from issuance of equity share capital	-	750.00
Stamp duty expenses incurred on increase in authorised share capital	(4.77)	(28.50)
Payment of lease liabilities	(19.80)	(53.25)
Proceeds from borrowings(other than debt securities), debt securities and subordinated liabilities**	26,189.55	43,612.83

Repayment of borrowings(other than debt securities), debt securities and subordinated liabilities	(27,602.63)	(32,005.16)
Net cash flows generated from/(used in) financing activities (C)	**(1,437.65)**	**12,275.92**
Net increase/ (decrease) in cash and cash equivalents during the year (A + B + C)	**1,968.36**	**(4,026.30)**
Cash and cash equivalents at the beginning of the year	565.39	4,591.69
Cash and cash equivalents at the end of the year (refer note I)	2,533.75	565.39

Notes:

(I) Components of cash and cash equivalents

(₹ in lakh)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Cash and bank balances (refer note 2)	3,037.31	1,844.03
Less : Bank overdraft (refer note 12)	(503.56)	(1,278.64)
Total	**2,533.75**	**565.39**

(II) Non-cash investing activity

(₹ in lakh)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Impact of fair valuation on net assets acquired through business combination	-	6.44
Acquisition of right of use assets (refer note 8)	19.38	17.22
Total	**19.38**	**23.66**

* For FY 20-21 the gain is gross of expenses incurred in relation to the transaction of ₹21.68 lakh. Similarly,The gain on direct assignment for FY19-20 is gross of expenses incurred in relation to the direct assignment transaction of ₹37.31 lakh and includes interest accrual classified under "Interest income on portfolio loans" of ₹14.25 lakh.

** The proceeds include amount classified as equity component of compound financial instrument amounting to ₹375.38 lakh.

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

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

As per our report of even date

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

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

Sumant Sakhardande
Partner
Membership No 034828

Ranjan Ghosh
Chairman
DIN 07592235

Prashant Thakker
Executive Director & CEO
DIN 07405451

Asit Hemani
Chief Financial Officer

Bhumika Jani
Company Secretary

Mumbai
03 May, 2021

Mumbai
03 May, 2021

Mumbai
03 May, 2021

Notes to the financial statements for the year ended 31st March, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31ST MARCH, 2021

Company Overview

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

The Company is engaged primarily in providing microfinance services to the economically weaker women in rural areas of India who are enrolled as members and organized as Joint Liability Groups ('JLG'), where each member of the group guarantees the loan repayment of the other members of the group. The Company had its focused operations spread across 130 branches in the 9 States of Maharashtra, Gujarat, Odisha, Bihar, Chhattisgarh, Haryana, Jharkhand, Rajasthan and West Bengal as at 31st March, 2021.

The Company's registration number under RBI is N-13.02206 and under MCA is U67100MH2016PLC285378.

Significant accounting policies

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

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

The financial statements for the year ended 31st March, 2021 of the Company are prepared in compliance with Ind AS.

b. Basis of preparation

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

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

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

c. Presentation of financial statements

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

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

d. Business combination

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

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

Transition to Ind AS

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

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

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

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

f. Capital work-in-progress

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

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

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

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

g. Intangible assets

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

h. Intangible assets under development

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

i. Impairment of non-financial assets

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

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

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

j. Revenue recognition

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

Interest and processing fee income on loans

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

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

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

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

Income from assignment transactions

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

Dividend income

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

Fees and Commission income

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

Other operational revenue

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

Marketing Income

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

Other Income and Expenses

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

k. Leases

The Company as a lessee

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

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

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

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

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

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

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

The Company as a lessor

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

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

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

l. Financial instruments

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

Initial recognition and measurement

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

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

Financial assets

Classification and subsequent measurement

Financial assets are classified into three categories:

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

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

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

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

The classification requirements of financial assets are described below:

Debt instruments

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

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

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

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

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

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

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

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

Equity instruments

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

Investments in subsidiaries, associates and joint ventures

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

Impairment of financial assets

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

The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money;
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

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

Write-off policy

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

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

Derecognition of financial assets

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

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

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

Financial liabilities

Classification and subsequent measurement

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

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

Derecognition of financial liabilities

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

Reclassification of financial instrument

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

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

Compound financial instrument

Compulsorily convertible instruments with a fixed conversion ratio are separated into liability and equity components. On issuance of the said instruments, the liability component (being the present value of the future interest cash outflows discounted at a market rate for an equivalent non-convertible instrument) is reduced from the fair value of the instrument to arrive at the equity component. This Equity component is disclosed separately under Other Equity.

Offsetting of financial instruments

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

m. Fair value measurement

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

n. Cash and cash equivalents

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

o. Borrowing Costs

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

p. Foreign exchange transactions and translations

Initial recognition

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

Conversion

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

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

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

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

q. Retirement and other employee benefits

Defined Contribution Plan

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

Defined Benefit Plan

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

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

Long term compensated absences

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

r. Income tax

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

Current tax

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

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

Deferred tax

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

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

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

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

Deferred tax assets and liabilities are offset only if there is a legally enforceable right to set-off the recognised amounts and it is intended to realise the asset and settle the liability on a net basis or simultaneously. Deferred tax relating to items recognised outside the statement of profit and loss is recognised outside the statement of profit and loss (either in other comprehensive income or in equity).

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

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

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

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

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

s. Provisions, contingent liabilities and contingent assets

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

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

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

t. Earnings per share

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

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

Significant accounting judgments, estimates and assumptions

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

Judgments

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

- **Fair value measurement of financial instruments**

  Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using appropriate valuation techniques. The inputs for these valuations are taken from observable sources where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of various inputs including liquidity risk, credit risk, volatility etc. Changes in assumptions/ judgments about these factors could affect the reported fair value of financial instruments. For further details about determination of fair value refer note 38.

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

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

  • Stage 1 (0-30 days DPD) includes loan assets that have not had a significant increase in credit risk since initial recognition or that have low credit risk at the reporting date.

  • Stage 2 (31-60 days DPD) includes loan assets that have had a significant increase in credit risk since initial recognition but that do not have objective evidence of impairment.

  • Stage 3 (more than 90 days DPD) includes loan assets that have objective evidence of impairment at the reporting date.

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

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

Probability of Default (PD)

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

Loss Given Default (LGD)

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

Exposure at Default (EAD)

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

- ***Business model assessment***

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

- ***Income taxes***

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

- ***Provisions and contingencies***

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

Assumptions and estimates

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

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

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

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

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

- ***Share based payments***

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

- ***Effective interest rate***

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

Recent Accounting Developments

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from 1st April, 2021.

MCA issued notifications dated 24th March, 2021 to amend Schedule III to the Companies Act, 2013 to enhance the disclosures required to be made by the Company in its financial statements. These amendments are applicable to the Company for the financial year starting 1st April, 2021.

2 Cash and cash equivalents

Particulars	As at March 31, 2021 ₹ in lakh	As at March 31, 2020 ₹ in lakh
Cash on hand	**59.03**	**14.45**
Balances with banks:		
- In current accounts	**2,078.21**	**1,829.58**
- In deposit accounts(including interest accrued thereon) having original maturity less than three months	**900.07**	**-**
Less: Impairment loss allowance	**-**	**-**
TOTAL	**3,037.31**	**1,844.03**

Balances with banks/financial institutions earn interest at fixed rates. Short term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.

3 Bank balances other than cash and cash equivalents above

Particulars	As at March 31, 2021 ₹ in lakh	As at March 31, 2020 ₹ in lakh
Deposits with banks/ financial institutions having original maturity more than three months (including interest accrued thereon)	59.92	1,898.44
Deposits with banks/ financial institutions to the extent held as credit enhancement for loans or security against the borrowings	2,049.03	352.95
Less: Impairment loss allowance	(1.91)	(1.62)
TOTAL	**2,107.04**	**2,249.77**

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

The nature of balances in deposit accounts is as follows:

Particulars	As at March 31, 2021 ₹ in lakh	As at March 31, 2020 ₹ in lakh
Credit enhancements for loans	276.76	256.30
Security against the borrowings	1,772.27	1,995.09

Reconciliation of impairment loss allowance on deposit balance

₹ in lakh

As at 31 March 2021	Exposure at default	Expected probability of default	Expected credit losses	Carrying amount net of impairment provision
Cash and cash equivalents				
- In deposit accounts(including interest accrued thereon) having original maturity less than three months	900.07	-	-	900.07
Bank balance other than cash and cash equivalents above				
Deposits with banks/ financial institutions having original maturity more than three months (including interest accrued thereon)	59.92	0.03% - 0.91%	0.26	59.66
Balances with banks/financial institutions to the extent held as credit enhancement for loans or security against the borrowings	2,049.03	0.03% - 0.91%	1.66	2,047.37

Reconciliation of impairment loss allowance on deposit balance

₹ in lakh

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

4 Trade and other receivables

Particulars	As at March 31, 2021 ₹ in lakh	As at March 31, 2020 ₹ in lakh
Trade and other receivables (Unsecured, considered good, within India)		
(I) Trade receivables	**9.53**	**14.97**
(II) Other receivables	-	-
(Less): Impairment loss allowance	-	-
TOTAL	**9.53**	**14.97**

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

Trade receivables days past due

The amount outstanding as on 31st March, 2021 and 31st March, 2020 have days past due for less than 90 days.

5 Loans

Particulars	As at March 31, 2021	As at March 31, 2020
	Amortised Cost ₹ in lakh	Amortised Cost ₹ in lakh
Unsecured, considered good, within India		
Loans	43,485.18	43,091.09
Others		
Assigned Loans from a related party	136.04	1,183.87
Inter-corporate deposit with a related party	-	400.00
Total Loans	**43,621.22**	**44,674.96**
(Less): Impairment loss allowance		
- Impairment loss allowance	(927.71)	(355.38)
Loans	**42,693.51**	**44,319.58**

Credit Quality of Assets

The table below shows the credit quality and the maximum exposure to credit risk based on the Company's internal rating system and year-end stage classification. The amounts presented are gross of impairment allowances.

₹ in lakh

Particulars	March 31, 2021				March 31, 2020			
	Stage 1	Stage 2	Stage 3	TOTAL	Stage 1	Stage 2	Stage 3	TOTAL
Standard	41,053.38	2,170.88	-	43,224.26	44,507.46	48.04	-	44,555.50
Sub-standard	-	-	292.60	292.60	-	-	91.42	91.42
Doubtful	-	-	104.36	104.36	-	-	28.04	28.04
Loss Assets	-	-	-	-	-	-	-	-
TOTAL	**41,053.38**	**2,170.88**	**396.96**	**43,621.22**	**44,507.46**	**48.04**	**119.46**	**44,674.96**

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

₹ in lakh

Particulars	Stage 1	Stage 2	Stage 3
Gross carrying amount as at April 1, 2020	**44,507.46**	**48.04**	**119.46**
Assets originated*	24,664.57	-	-
Net transfer between stages			
Transfer to stage 1	2.90	(1.57)	(1.33)
Transfer to stage 2	(2,160.06)	2,160.06	-
Transfer to stage 3	(249.39)	(34.94)	284.32
Assets derecognised or collected (including death cases/preclosure cases)	(25,712.09)	(0.71)	(4.89)
Amounts written-off	-	-	(0.60)
Gross carrying amount as at 31st March, 2021	**41,053.38**	**2,170.88**	**396.96**

* Assets originated represents the disbursements made during the year.

₹ in lakh

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

* Assets originated represents the disbursements made/assets purchased during the year. On November 01, 2019, the Company acquired micro-finance business of Altura Financial Services Limited.

Reconciliation of ECL balance is given below:

₹ in lakh

Particulars	March 31, 2021				March 31, 2020			
	Stage 1	Stage 2	Stage 3	TOTAL	Stage 1	Stage 2	Stage 3	TOTAL
ECL provision at the beginning of the year	**237.79**	**0.25**	**117.34**	**355.38**	**183.62**	**0.09**	**33.85**	**217.56**
Add: ECL provision during the year (Net of Reversal)	329.41	28.38	215.14	**572.93**	54.17	0.16	83.49	**137.82**
Less: Write-offs during the year	-	-	(0.60)	**(0.60)**	-	-	-	**-**
ECL provision at the end of the year	**567.20**	**28.63**	**331.88**	**927.71**	**237.79**	**0.25**	**117.34**	**355.38**

6 Other financial assets

Particulars	As at March 31, 2021 ₹ in lakh	As at March 31, 2020 ₹ in lakh
Security deposits	74.74	68.50
Other receivables	105.25	185.89
Less: Impairment loss allowance	-	(12.58)
Other Advances	4.07	-
TOTAL	**184.06**	**241.81**

Reconciliation of impairment loss allowance

Particulars	₹ in lakh
Impairment allowance as on 31st March, 2019	**-**
Add: Impairment allowance originated during the year	12.58
Less: Reversal of impairment allowance	-
Impairment allowance as on 31st March, 2020	**12.58**
Add: Impairment allowance originated during the year	-
Less: Reversal of impairment allowance	(12.58)
Impairment allowance as on 31st March, 2021	**-**

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

7 Current tax assets (net)

Particulars	As at March 31, 2021 ₹ in lakh	As at March 31, 2020 ₹ in lakh
Advance tax and tax deducted at source	154.21	108.68
(Net of provision for tax for 31st March, 2021 : 60.31 lakh, 31st March, 2020 : Nil)		
TOTAL	**154.21**	**108.68**

9 Other non-financial assets

Particulars	As at March 31, 2021 ₹ in lakh	As at March 31, 2020 ₹ in lakh
Balances with government authorities	50.58	37.00
Prepaid expenses	25.14	27.77
TOTAL	**75.72**	**64.77**

10 Payables

Particulars	As at March 31, 2021 ₹ in lakh	As at March 31, 2020 ₹ in lakh
(Unsecured, considered good, within India)		
(I) Trade Payables		
(i) total outstanding dues of micro enterprises and small enterprises (refer note 41 - Micro,small and medium enterprise)	5.14	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	123.83	103.03
(II) Other Payables		
(i) total outstanding dues of micro enterprises and small enterprises	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	-	-
TOTAL	**128.97**	**103.03**

Out of the total dues, ₹11.57 lakh as on 31 March 2021 and ₹1.58 lakh as on 31 March 2020 pertains to related parties.

11 Debt securities

Particulars	As at March 31, 2021	As at March 31, 2020
	Amortised Cost ₹ in lakh	Amortised Cost ₹ in lakh
Debentures and bonds, considered good, within India'		
Secured-Unlisted		
Non-convertible debentures (Series I)	401.66	6,237.31
Non-convertible debentures (Series II)	3,949.69	3,893.38
Non convertible debentures - Women's Livelihood Bond	3,971.58	-
Non convertible debentures	781.50	-
Interest accrued but not due on non-convertible debentures	180.90	160.53
Secured-Listed		
Non convertible debentures- Partial Credit Guarantee Scheme	1,465.21	-
Interest accrued but not due on non-convertible debentures	0.47	-
Unsecured		
Compulsorily convertible debentures	2,800.00	2,800.00
Liability Component of compulsorily convertible debentures	107.77	-
Interest accrued but not due on compulsorily convertible debentures	-	-
Commercial Paper	975.82	-
TOTAL	**14,634.60**	**13,091.22**

Terms of repayment

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

Tenure (from the date of the Balance Sheet)	Rate of Interest	Repayment details	As at 31 March 2021	As at 31 March 2020
13-24 months	12%	Quarterly	-	402.00
upto 12 months	12%	Quarterly	402.00	5,911.00
			402.00	6,313.00
Less: Effective interest rate adjustment			(0.34)	(75.69)
TOTAL			**401.66**	**6,237.31**
Add: Interest accrued but not due on non-convertible debentures			10.75	59.01
			412.41	**6,296.32**

Nature of security

The facility is secured on a first and exclusive charge basis by way of hypothecation over the portfolio loans in such a way that the security cover is met.

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

Tenure (from the date of the Balance Sheet)	Rate of Interest	Repayment details	As at 31 March 2021	As at 31 March 2020
12-24 months	12%-13%	Quarterly		3,970.00
upto 12 months	12%-13%	Quarterly	3,970.00	-
			3,970.00	3,970.00
Less: Effective interest rate adjustment			(20.31)	(76.62)
TOTAL			**3,949.69**	**3,893.38**
Add: Interest accrued but not due on non-convertible debentures			100.19	101.52
			4,049.88	**3,994.90**

Nature of security

The facility is secured on a first and exclusive charge basis by way of hypothecation over the portfolio loans in such a way that the security cover is met.

Non convertible debentures - Women's Livelihood Bond (₹ in lakh)

Tenure (from the date of the Balance Sheet)	Rate of Interest	Repayment details	As at 31 March 2021	As at 31 March 2020
37-48 months	12%-13%	Bullet	4,100.90	-
			4,100.90	-
Less: Effective interest rate adjustment			(129.32)	-
TOTAL			**3,971.58**	**-**
Add: Interest accrued but not due on non-convertible debentures			69.66	-
			4,041.24	**-**

Nature of security

The facility is secured on a first and exclusive charge basis by way of hypothecation over the portfolio loans in such a way that the security cover is met.

Non convertible debentures (₹ in lakh)

Tenure (from the date of the Balance Sheet)	Rate of Interest	Repayment details	As at 31 March 2021	As at 31 March 2020
13-24 months	13.95%	Refer Note Below	600.00	-
upto 12 months	13.95%	Refer Note Below	200.00	-
TOTAL			800.00	-
Less: Effective interest rate adjustment			(18.50)	-
			781.50	-
Add: Interest accrued but not due on non-convertible debentures			0.31	-
			781.81	-

Nature of security

The facility is secured on a first and exclusive charge basis by way of hypothecation over the portfolio loans in such a way that the security cover is met.

Note : Repayment shall be as follows:

Lender Name	Due Date	Amount (₹ in lakh)
Citrus Global - Aviator	28-Feb-22	50.00
Citrus Global - Aviator	30-Jan-23	150.00
Calypso Global - Aviator	28-Feb-22	50.00
Calypso Global - Aviator	30-Jan-23	150.00
Northern Arc Capital Limited	28-Feb-22	100.00
Northern Arc Capital Limited	30-Jan-23	300.00
TOTAL		**800.00**

Non convertible debentures- Partial Credit Guarantee Scheme (₹ in lakh)

Tenure (from the date of the Balance Sheet)	Rate of Interest	Repayment details	As at 31 March 2021	As at 31 March 2020
13-24 months	11.50%	Quarterly	375.00	-
upto 12 months	11.50%	Quarterly	1,125.00	-
			1,500.00	-
Less: Effective interest rate adjustment			(34.79)	-
TOTAL			**1,465.21**	**-**
Add: Interest accrued but not due on non-convertible debentures			0.47	-
			1,465.68	-

Nature of security

The facility is secured on a first and exclusive charge basis by way of hypothecation over the portfolio loans in such a way that the security cover is met.

Compulsorily convertible debentures- Series-I (₹ in lakh)

Tenure (from the date of the Balance Sheet)	Rate of Interest	Repayment details	As at 31 March 2021	As at 31 March 2020
25-36 months	15%	Refer Note below	-	300.00
13-24 months	15%	Refer Note below	300.00	-
			300.00	300.00
Less: Effective interest rate adjustment			-	-
TOTAL			**300.00**	**300.00**
Add: Interest accrued but not due on compulsorily convertible debentures			-	-
			300.00	300.00

Compulsorily convertible debentures- Series-III (₹ in lakh)

Tenure (from the date of the Balance Sheet)	Rate of Interest	Repayment details	As at 31 March 2021	As at 31 March 2020
37-48 months	15%	Refer Note below	-	1,500.00
25-36 months	15%	Refer Note below	1,500.00	-
			1,500.00	1,500.00
Less: Effective interest rate adjustment			-	-
TOTAL			**1,500.00**	**1,500.00**
Add: Interest accrued but not due on compulsorily convertible debentures			-	-
			1,500.00	1,500.00

Compulsorily convertible debentures- Series-IV (₹ in lakh)

Tenure (from the date of the Balance Sheet)	Rate of Interest	Repayment details	As at 31 March 2021	As at 31 March 2020
49-60 months	15%	Refer Note below	-	500.00
37-48 months	15%	Refer Note below	500.00	
			500.00	500.00
Less: Effective interest rate adjustment			-	-
TOTAL			**500.00**	**500.00**
Add: Interest accrued but not due on compulsorily convertible debentures			-	-
			500.00	500.00

Compulsorily convertible debentures- Series-V (₹ in lakh)

Tenure (from the date of the Balance Sheet)	Rate of Interest	Repayment details	As at 31 March 2021	As at 31 March 2020
61-110 months	15%	Refer Note below	-	500.00
49-60 months	15%	Refer Note below	500.00	
			500.00	500.00
Less: Effective interest rate adjustment			-	-
TOTAL			**500.00**	**500.00**
Add: Interest accrued but not due on compulsorily convertible debentures			-	-
			500.00	500.00

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

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

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

Liability Component of compulsorily convertible debentures (₹ in lakh)

Tenure (from the date of the Balance Sheet)	Rate of Interest	Repayment details	As at 31 March 2021	As at 31 March 2020
49-60 months	15%	To be converted into equity at the end of 5 years from the date of allotment	107.77	
			107.77	-
Less: Effective interest rate adjustment			-	-
TOTAL			**107.77**	**-**
Add: Interest accrued but not due on compulsorily convertible debentures			**-**	**-**
			107.77	-

The Company has issued Compound Financial Instrument amounting to ₹500 lakh at 15% interest payable quarterly for a tenure of 5 years which includes a liability component and an equity component. The instrument shall be converted into equity at the end of the tenure i.e.5 years from the date of allotment. The equity component has been shown under other equity amounting to ₹375.38 lakh and the liability component amounting to ₹107.77 lakh has been shown in note no.12 above.

Commercial Paper (₹ in lakh)

Tenure (from the date of the Balance Sheet)	Rate of Interest	Repayment details	As at 31 March 2021	As at 31 March 2020
upto 12 months	13%	Bullet	975.82	-
			975.82	-
Less: Effective interest rate adjustment			-	-
TOTAL			**975.82**	**-**
Add: Interest accrued but not due			**-**	**-**
			975.82	-

12 Borrowings (other than debt securities)

Particulars	As at March 31, 2021	As at March 31, 2020
	Amortised Cost ₹ in lakh	Amortised Cost ₹ in lakh
<u>**Secured, within India**</u>		
Term loans from financial institutions	18,327.42	21,229.86
Term loans from banks	3,188.63	5,879.31
Securitisation liability	2,550.79	768.38
Interest accrued but not due on term loans from banks and financial institutions	123.52	144.75
Bank overdraft	503.56	1,278.64
TOTAL	**24,693.92**	**29,300.94**

Term loans from banks

Terms of repayment of term loans from banks (₹ in lakh)

Tenure (from the date of the Balance Sheet)	Rate of Interest	Repayment details	As at 31 March 2021	As at 31 March 2020
13-24 months	10%-11%	Monthly	-	62.50
13-24 months	13%-14%	Monthly	259.23	1,050.00
13-24 months	14%-15%	Monthly	-	757.52
13-24 months	13%-14%	Quarterly	-	76.92
upto 12 months	10%-11%	Monthly	104.17	250.00
upto 12 months	12%-13%	Monthly	495.83	612.50
upto 12 months	13%-14%	Monthly	2,177.44	1,600.00
upto 12 months	14%-15%	Monthly	-	972.63
upto 12 months	13%-14%	Quarterly	153.85	307.69
upto 12 months	14%-15%	Quarterly	-	250.00
TOTAL			**3,190.52**	**5,939.76**
Less: Effective interest rate adjustment			(1.88)	(17.95)
Less: Fair market value adjustment on acquisition			-	(42.50)
TOTAL			**3,188.64**	**5,879.31**
Add: Interest accrued but not due on borrowings			15.11	55.99
			3,203.75	**5,935.30**

Nature of security

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

Term loans from financial institutions

Terms of repayment of term loans from financial institutions (₹ in lakh)

Tenure (from the date of the Balance Sheet)	Rate of Interest	Repayment details	As at 31 March 2021	As at 31 March 2020
25-36 months	13%-14%	Quarterly	500.02	250.00
13-24 months	13%-14%	Monthly	2,133.75	2,270.83
13-24 months	14%-15%	Monthly	1,594.68	2,917.33
13-24 months	13%-14%	Quarterly	1,333.34	333.33
upto 12 months	12%-13%	Monthly	211.96	794.95
upto 12 months	13%-14%	Monthly	7,301.84	3,919.68
upto 12 months	14%-15%	Monthly	4,011.84	10,678.09
upto 12 months	15%-16%	Monthly	-	262.50
upto 12 months	13%-14%	Quarterly	1,333.33	333.33
TOTAL			**18,420.76**	**21,760.04**

Terms of repayment of term loans from financial institutions (₹ in lakh)

Tenure (from the date of the Balance Sheet)	Rate of Interest	Repayment details	As at 31 March 2021	As at 31 March 2020
Less: Effective interest rate adjustment			(93.34)	(170.22)
Less: Advance EMI adjusted			-	(418.83)
Add: Fair market value adjustment on acquisition			-	47.45
Add: Payable on account of fees to the lender			-	11.42
TOTAL			**18,327.42**	**21,229.86**
Add: Interest accrued but not due on borrowings			108.42	88.76
			18,435.84	21,318.62

Nature of security

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

Securitisation liability

Terms of repayment (₹ in lakh)

Tenure (from the date of the Balance Sheet)	Rate of Interest	Repayment details	As at 31 March 2021	As at 31 March 2020
13-24 months	10.48%-13.50%	Monthly	103.95	14.95
upto 12 months	10.48%-13.50%	Monthly	2,446.84	753.43
TOTAL			**2,550.79**	**768.38**

Nature of security

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

Bank overdraft

Terms of repayment (₹ in lakh)

Tenure (from the date of the Balance Sheet)	Rate of Interest	Repayment details	As at 31 March 2021	As at 31 March 2020
upto 12 months	4.90%-11.75%	upto 12 months	503.56	1,278.64
		TOTAL	**503.56**	**1,278.64**

Nature of security

Bank overdraft is secured against fixed deposits.

13 Subordinated Liabilities

(₹ in lakh)

Particulars	As at March 31, 2021 Amortised Cost ₹ in lakh	As at March 31, 2020 Amortised Cost ₹ in lakh
<u>Unsecured, within India</u>		
Subordinated liability from a financial institution	1,000.00	1,000.00
Non-convertible redeemable cumulative Preference Shares	500.00	-
Interest accrued but not due on subordinated liabilities	1.18	5.38
TOTAL	**1,501.18**	**1,005.38**

Terms of repayment - Subordinated liability

(₹ in lakh)

Tenure (from the date of the Balance Sheet)	Rate of Interest	Repayment details	As at 31 March 2021	As at 31 March 2020
49-60 months	17%	Bullet	1,000.00	1,000.00
			1,000.00	1,000.00
Less: Effective interest rate adjustment			-	-
TOTAL			**1,000.00**	**1,000.00**
Add: Interest accrued but not due on subordinated liability			0.93	5.38
			1,000.93	**1,005.38**

Terms of repayment

Repayment will be made in 2 bullet repayments:

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

Terms of repayment - Non-convertible redeemable cumulative preference shares

(₹ in lakh)

Tenure (from the date of the Balance Sheet)	Rate of Interest	Repayment details	As at 31 March 2021	As at 31 March 2020
49-60 months	16%	Bullet	500.00	-
			500.00	-
Less: Effective interest rate adjustment			-	-
TOTAL			**500.00**	**-**
Add: Interest accrued but not due on subordinated liability			0.25	-
			500.25	**-**

During the year ended March 31, 2021, the Company has issued 15% non-convertible redeemable cumulative preference shares (NCRCPS) amounting to ₹500 lakh (50,00,000 shares at face value of ₹10 each) redeemable at the end of five years from the date of allotment. Dividend is payable annually at 15% p.a. on the face value of NCRCPS on a pro-rata basis cumulatively on the redemption date.

Terms of repayment

Repayment will be made in single bullet repayment at the end of 5 years from the date of allotment.

14 Other financial liabilities

Particulars	As at March 31, 2021 ₹ in lakh	As at March 31, 2020 ₹ in lakh
Lease liabilities	21.52	11.46
Assignee payable	1,027.66	367.84
Book Over Draft	284.61	-
Other payables	161.07	39.20
Advance received from customers	389.32	2.05
TOTAL	**1,884.18**	**420.55**

15 Current tax liabilities (net)

Particulars	As at March 31, 2021 ₹ in lakh	As at March 31, 2020 ₹ in lakh
Provision for income tax	-	-
(Net of advance tax for 31st March,2021 : NIL,31st March, 2020 : Nil)		
TOTAL	**-**	**-**

16 Provisions

Particulars	As at March 31, 2021 ₹ in lakh	As at March 31, 2020 ₹ in lakh
Provision for gratuity (Refer note 32 - Employee Benefit Obligations)	12.25	12.30
Provision for leave availment	-	21.41
TOTAL	**12.25**	**33.71**

17 Other non-financial liabilities

Particulars	As at March 31, 2021 ₹ in lakh	As at March 31, 2020 ₹ in lakh
Fees received in advance	3.92	1.70
Statutory dues	73.55	96.30
TOTAL	**77.47**	**98.00**

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

(₹ in lakh)

Particulars	8A - Property, plant and equipment (at cost)					8B - Right of Use assets		8C - Goodwill		8D - Other Intangible Assets	
	Computers and accessories	Furniture and fixtures	Office equipments	Car	Total	Premises	Total	Goodwill	Total	Other Intangible Assets - Software license	Total
Gross Carrying Amount at cost											
As at 01 April 2019	**84.79**	**16.99**	**9.61**	**-**	**111.39**	**95.39**	**95.39**	**1,578.60**	**1,578.60**	**-**	**-**
Additions	39.62	22.00	13.51	36.39	**111.52**	17.22	**17.22**	-	-	15.02	**15.02**
Additions on account of takeover	16.21	3.57	0.40	-	**20.18**	-	-	922.75	**922.75**	-	-
Disposals and transfers	-	-	-	-	-	-	-	-	-	-	-
As at 31 March 2020	**140.62**	**42.56**	**23.52**	**36.39**	**243.09**	**112.61**	**112.61**	**2,501.35**	**2,501.35**	**15.02**	**15.02**
Accumulated depreciation											
As at 01 April 2019	**19.94**	**12.57**	**1.77**	**-**	**34.28**	**42.11**	**42.11**	**-**	**-**	**-**	**-**
Depreciation charged for the year	37.07	16.79	4.62	3.05	**61.53**	50.61	**50.61**	-	-	3.26	3.26
Disposals and transfers	-	-	-	-	-	-	-	-	-	-	-
Closing accumulated depreciation and amortisation	**57.01**	**29.36**	**6.39**	**3.05**	**95.81**	**92.72**	**92.72**	**-**	**-**	**3.26**	**3.26**
Net carrying amount as at 31 March 2020	**83.61**	**13.20**	**17.13**	**33.34**	**147.27**	**19.89**	**19.89**	**2,501.35**	**2,501.35**	**11.76**	**11.76**

Particulars	8A - Property, plant and equipment (at cost)					8B - Right of Use assets		8C - Goodwill		8D - Other Intangible Assets	
	Computers and accessories	Furniture and fixtures	Office equipments	Car	Total	Premises	Total	Goodwill	Total	Other Intangible Assets - Software license	Total
Gross Carrying Amount at cost											
As at 31 March 2020	**140.62**	**42.56**	**23.52**	**36.39**	**243.09**	**112.61**	**112.61**	**2,501.35**	**2,501.35**	**15.02**	**15.02**
Additions	4.28	0.70	0.98	-	**5.96**	19.38	**19.38**	-	-	2.02	**2.02**
Disposals and transfers	-	-	-	-	-	-		-	-	-	
As at 31 March 2021	**144.90**	**43.26**	**24.50**	**36.39**	**249.05**	**131.99**	**131.99**	**2,501.35**	**2,501.35**	**17.04**	**17.04**
Accumulated depreciation											
As at 31 March 2020	**57.01**	**29.36**	**6.39**	**3.05**	**95.81**	**92.72**	**92.72**	**-**	**-**	**3.26**	**3.26**
Depreciation charged for the year	48.28	1.50	4.54	4.55	**58.86**	18.12	**18.12**	-	-	5.38	**5.38**
Disposals and transfers	-	0.38	-	-	**0.38**	-	-	-	-	-	-
Closing accumulated depreciation and amortisation	**105.29**	**31.24**	**10.93**	**7.60**	**155.05**	**110.84**	**110.84**	**-**	**-**	**8.64**	**8.64**
Net carrying amount as at 31 March 2021	**39.61**	**12.02**	**13.56**	**28.79**	**94.00**	**21.16**	**21.16**	**2,501.35**	**2,501.35**	**8.40**	**8.40**

Particulars	for the year ended March 31, 2021 ₹ in lakh	for the year ended March 31, 2020 ₹ in lakh
Depreciation on tangible assets	58.86	61.53
Amortisation of intangible assets	5.38	3.26
Depreciation on right of use assets	18.12	50.61
TOTAL	**82.36**	**115.40**

Note: None of the above assets are pledged as security towards any liability.

18 Equity/Preference share capital

Particulars	As at March 31, 2021 ₹ in lakh	As at March 31, 2020 ₹ in lakh
Authorised		
85,000,000 equity shares of ₹10 each	8,500	8,500
50,10,000 preference shares of ₹10 each	501	-
Total authorised share capital	**9,001**	**8,500**
Issued, subscribed and fully paid-up		
70,528,306 equity shares of Rs 10 each fully paid up	7,052.83	7,052.83
Out of the above, 70,528,306 equity shares were held by the holding Company Centrum Capital Limited		
Total issued, subscribed and fully paid up share capital	**7,052.83**	**7,052.83**

a) Reconciliation of number and amount of shares outstanding:

Particulars	March 31, 2021		March 31, 2020	
	Number in lakh	₹ in lakh	Number in lakh	₹ in lakh
Equity shares				
Shares outstanding at the beginning of the year	705.28	7,052.83	495.28	4,952.83
Shares issued during the year	-	-	210.00	2,100.00
Shares outstanding at the end of the year	**705.28**	**7,052.83**	**705.28**	**7,052.83**

b) Terms / rights attached to each class of shares

Equity shares

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

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

c) Equity shares of the Company held by the holding/ultimate holding Company

Equity shareholders	As at 31st March, 2021		As at 31st March, 2020	
	No. of equity shares held (in lakh)	% holding	No. of equity shares held (in lakh)	% holding
Centrum Capital Ltd, the Holding Company	705.28	100%	705.28	100%

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

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

Name of shareholders	As at 31st March, 2021		As at 31st March, 2020	
	No. of equity shares held (in lakh)	% holding	No. of equity shares held (in lakh)	% holding
Centrum Capital Ltd., the Holding Company	705.28	100%	705.28	100%
TOTAL	**705.28**	**100.00%**	**705.28**	**100.00%**

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

19 Other equity

(₹ in lakh)

Particulars	Equity Component of Compound Financial Instrument	Reserves and surplus			Employees' stock options outstanding	Impairment reserve	Other comprehensive income	Total
		Statutory reserve	Capital contribution	Retained earnings				
Balance as at 01st April, 2019	**-**	**14.54**	**19.93**	**(314.97)**	**-**	**-**	**1.19**	**(279.31)**
Profit for the year	-	-	-	539.69	-	-	-	**539.69**
Other comprehensive income for the year (net of tax)	-	-	-	-	-	-	(0.23)	**(0.23)**
Transferred to / (from)		107.94	10.51	(196.95)	6.73	89.01	-	**17.24**
Balance as at 31st March, 2020	**-**	**122.48**	**30.44**	**27.77**	**6.73**	**89.01**	**0.96**	**277.39**
Balance as at 01st April, 2020	**-**	**122.48**	**30.44**	**27.77**	**6.73**	**89.01**	**0.96**	**277.39**
Profit for the year	-	-	-	91.70	-	-	-	**91.70**
Other comprehensive income for the year (net of tax)	-	-	-	-	-	-	8.94	**8.94**
Transferred to / (from)	375.38	18.34	0.13	(18.34)	25.45	-	-	**400.96**
Balance as at 31st March, 2021	**375.38**	**140.82**	**30.57**	**101.13**	**32.18**	**89.01**	**9.90**	**778.99**

Nature of reserves

a) Equity Component of Compound Financial Instrument

The Company has issued Compound Financial Instrument amounting to ₹ 5,00,00,000 which includes a liability component and an equity component. The equity component has been shown above and the liability component has been shown in note no.11.

b) Statutory Reserve

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

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

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

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

c) Capital Contribution

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

d) Retained Earnings

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

e) Employees' stock options outstanding

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

f) Impairment reserve

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

g) Other comprehensive income

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

20 Interest income

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
	Amortised Cost (₹ in lakh)	Amortised Cost (₹ in lakh)
Interest income on loan portfolio	9,507.68	7,965.66
Interest on fixed deposits	103.03	111.42
Other interest income	75.83	72.84
TOTAL	**9,686.54**	**8,149.92**

21 Fees and commission income

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
	(₹ in lakh)	(₹ in lakh)
Commission income	20.26	44.80
TOTAL	**20.26**	**44.80**

Revenue from contracts with customers

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

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
	(₹ in lakh)	(₹ in lakh)
Commission income on sale of Insurance	11.28	33.46
Commission received as a business correspondent*	8.98	11.34
Total revenue from contract with customers	**20.26**	**44.80**
Geographical markets		
India	20.26	44.80
Outside India	-	-
Total revenue from contract with customers	**20.26**	**44.80**
Timing of revenue recognition		
Services transferred at a point in time	20.26	44.80
Services transferred over time	-	-
Total revenue from contracts with customers	**20.26**	**44.80**

Contract balances

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
	(₹ in lakh)	(₹ in lakh)
Other financial liabilities**	32.03	27.31
Trade receivables	9.53	14.97

* This represents the commission received by the Company on loan assets serviced as a business correspondent.

** This represents the loans held as a business correspondent of ₹43.04 lakh which has been netted off against the business correspondent loan liability of ₹75.07 lakh for 31st March, 2021. For 31st March, 2020, loans held as a business correspondent were ₹220.61 lakh and correpsonding loan liability was ₹247.92 lakh.

22 Net gain on fair value changes

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
	(₹ in lakh)	(₹ in lakh)
Net gain /(loss) on financial instruments at fair value through profit & loss account (within India, realised)		
Mutual fund units	15.04	86.70
Total (A)	15.04	86.70
Fair Value changes:		
Realised	15.04	86.70
Unrealised	-	-
Total (B)	15.04	86.70
TOTAL	**15.04**	**86.70**

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

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
	(₹ in lakh)	(₹ in lakh)
Gain on direct assignment	319.71	305.00
TOTAL	**319.71**	**305.00**

24 Other operating revenue

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
	(₹ in lakh)	(₹ in lakh)
Recovery of loans written back	0.19	2.12
Service fee on direct assignment	2.01	0.37
Service fee on Securitisation	2.00	-
TOTAL	**4.20**	**2.49**

25 Other operating revenue

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
	(₹ in lakh)	(₹ in lakh)
Marketing income	48.75	228.49
TOTAL	**48.75**	**228.49**

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

Type of services or service	For the year ended March 31, 2021	For the year ended March 31, 2020
	(₹ in lakh)	(₹ in lakh)
Marketing income	**48.75**	**228.49**
Total revenue from contracts with customers		
Geographical markets		
India	48.75	228.49
Outside India	-	-
Total revenue from contracts with customers	**48.75**	**228.49**
Timing of revenue recognition		
Services transferred at a point in time	48.75	228.49
Services transferred over a period of time	-	-
Total revenue from contracts with customers	**48.75**	**228.49**

<u>Note:</u>

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

Revenue from contracts with customers

During the year, the Company has earned marketing revenue from contracts with customers amounting to ₹48.75 lakh (previous year - ₹228.49 Lakh). Marketing revenue is recognised at a given point in time.

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

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

Contract balances

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
	(₹ in lakh)	(₹ in lakh)
Other financial assets	57.53	135.34

26 Finance costs

Particulars	For the year ended March 31, 2021 (₹ in lakh)	For the year ended March 31, 2020 (₹ in lakh)
On financial liabilities measured at amortised cost:		
Interest on debt securities (unlisted)	1,883.84	1,430.91
Interest on debt securities (listed)	43.23	-
Interest on borrowings (other than debt securities)	3,517.81	2,992.52
Interest on subordinated liabilities	169.96	85.66
Interest on securitised liabilities	164.23	254.15
Interest on lease liabilities	1.83	4.65
Other borrowing costs	33.71	33.07
TOTAL	**5,814.61**	**4,800.96**

27 Impairment on financial instruments

Particulars	For the year ended March 31, 2021 (₹ in lakh)	For the year ended March 31, 2020 (₹ in lakh)
On financial instruments measured at amortised cost:		
Loans	575.61	137.82
Others		
Other receivables	(12.58)	12.58
Fixed deposits	0.30	(1.28)
Bad debts written-off	0.60	-
TOTAL	**563.93**	**149.12**

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

Particulars	For the year ended March 31, 2021					For the year ended March 31, 2020				
	General Approach			Simplified Approach	TOTAL	General Approach			Simplified Approach	TOTAL
	Stage 1	Stage 2	Stage 3			Stage 1	Stage 2	Stage 3		
ECL provision on:										
Loans	332.70	28.38	214.53	-	**575.61**	54.22	0.12	83.48	-	**137.82**
Others										
Other receivables	-	-	-	(12.58)	**(12.58)**	-	-	-	12.58	**12.58**
Fixed deposits	-	-	-	0.30	**0.30**	-	-	-	(1.28)	**(1.28)**
Bad debts written-off	-	-	-	0.60	**0.60**	-	-	-	-	**-**
Total impairment on financial instruments	**332.70**	**28.38**	**214.53**	**(12.28)**	**563.93**	**54.22**	**0.12**	**83.48**	**11.30**	**149.12**

28 Employee benefits expenses

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
	(₹ in lakh)	(₹ in lakh)
Salaries, wages and bonus	2,318.54	1,904.17
Contribution to provident and other funds	176.12	150.87
Gratuity expenses (Refer note 32 : Employee Benefit Expenses)	24.19	11.99
Leave availment	(21.41)	12.51
Share based payments to employees	25.45	6.73
Staff welfare expenses	42.17	57.67
TOTAL	**2,565.06**	**2,143.94**

29 Other expenses

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
	₹ in lakh	₹ in lakh
Rent, taxes and energy costs	246.90	178.91
Stamp duty fees	12.24	39.21
Repairs and maintenance	26.44	16.13
Communication costs	13.87	30.66
Printing and stationery	17.88	49.91
Directors' fees, allowances and expenses	18.88	15.81
Auditor's fees and expenses (Refer note 29.1 below)	15.82	14.53
Legal and professional charges	117.54	193.51
Shared Services Cost	109.00	109.00
Trademark Licensing Expenses	10.90	-
Insurance	9.92	10.27
Software licenses expenses	63.31	79.28
Travelling and conveyance expenses	42.26	64.22
Cash handling charges	131.57	134.83
Membership and subscription	16.13	8.76
Corporate Social Responsibility expenditure (refer note 43)	45.84	-
Other expenditure	39.95	29.11
TOTAL	**938.46**	**974.14**

29.1 Auditor's fees and expenses

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
	₹ in lakh	₹ in lakh
As Auditor:		
Statutory Audit fees	8.17	6.84
Limited Review fees	4.91	4.50
Out of pocket expenses	0.29	0.59
In any other manner:		
Certification services	2.45	2.60
TOTAL	**15.82**	**14.53**

30 Income Tax

The components of Income tax expense for the year ended 31st March, 2021 & 31st March, 2020

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
	₹ in lakh	₹ in lakh
Current tax	60.31	-
Deferred tax relating to origination and reversal of temporary differences	(21.93)	94.15
Total tax charge	**38.38**	**94.15**

30.1 Reconciliation of the total tax charge

The tax charge shown in the statement of profit and loss differs from the tax charge that would apply if all profits had been charged at India corporate tax rate. A reconciliation between the tax expense and the accounting profit multiplied by India's domestic tax rate for the years ended 31st March, 2021 and 31st March, 2020 is, as follows:

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
	₹ in lakh	₹ in lakh
Accounting profit before tax	130.08	633.84
At India's statutory income tax rate of	25.17%	25.17%
Tax at the applicable rate	32.74	159.52
Non-deductible expenses		
Expenses on account of Corporate Social Responsibility	11.54	-
Other permanent differences	4.95	11.50
Deferred tax assets created on earlier year's brought forward business losses and unabsorbed depreciation	-	(16.00)
(Benefit)/ Expense due to change in tax rates on the opening timing differences	-	(10.41)
Other items	(10.85)	(1.63)
Tax impact excluding MAT credit entitlement	**38.38**	**33.38**
Write off of MAT credit of previous year	-	60.77
Total charge to the statement of profit and loss	**38.38**	**94.15**

The effective income tax rate for is 29.50% (March 31, 2020: 24.19%).

The Company has exercised the option permitted under section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Company had recognised and remeasured Provision for Income Tax and Deferred Tax based on the rate prescribed in the said section.

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

₹ in lakh

Particulars	Deferred Tax Assets as at March 31, 2021	Deferred Tax Liabilities as at March 31, 2021	Income Statement For the year ended March 31, 2021	Other comprehensive income For the year ended March 31, 2021
Property, plant and equipment, other intangible assets and goodwill - carrying amount	-	313.61	90.65	-
EIR impact on loans measured at amortised cost	114.23	-	(19.64)	-
EIS Asset recognised under Ind AS	-	81.38	24.04	-
EIR impact on borrowings (including debt securities and subordinated liabilities) measured at amortised cost	-	89.74	3.72	-
Impairment loss allowance	230.79	-	(137.77)	-
Provision for employee benefits	0.08	-	5.41	3.00
Expenses allowable for tax purposes when paid	16.20	-	11.04	
Other temporary differences	1.54	-	0.62	-
Total	**362.84**	**484.74**	**(21.93)**	**3.00**
Charge on account of reversal of MAT credit entitlement	-	-	-	-
Net Impact	**121.90**	**-**	**(21.93)**	**3.00**

₹ in lakh

Particulars	Deferred Tax Assets as at March 31, 2020	Deferred Tax Liabilities as at March 31, 2020	Income Statement For the year ended March 31, 2020	Other comprehensive income For the year ended March 31, 2020
Property, plant and equipment, other intangible assets and goodwill - carrying amount	-	222.96	76.81	-
EIR impact on loans measured at amortised cost	94.59	-	(43.18)	-
EIS Asset recognised under Ind AS	-	57.35	57.35	
EIR impact on borrowings (including debt securities and subordinated liabilities) measured at amortised cost	-	86.02	4.78	-
Impairment loss allowance	93.02	-	(32.49)	-
Provision for employee benefits	8.48	-	(2.80)	(0.08)

Expenses allowable for tax purposes when paid	11.24	-	(11.24)	-
Other temporary differences	18.17	-	(15.84)	-
Total	**225.50**	**366.33**	**33.38**	**(0.08)**
Charge on account of reversal of MAT credit entitlement	-	-	60.77	-
Net Impact	**140.83**	**-**	**94.15**	**(0.08)**

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

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

₹ in lakh

Particulars	As at 31st March, 2021	As at 31st March, 2020
Amounts recognised in respect of current tax / deferred tax directly in equity	-	-

Tax losses and tax credits

₹ in lakh

Particulars	As at 31st March, 2021	As at 31st March, 2020
Unused business losses and unabsorbed depreciation for which no deferred tax asset has been recognised	-	-
MAT credit entitlement	-	(60.77)

31 Earnings per equity share

(Face value of ₹10 per share)

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

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Net profit after tax available for equity shareholders for basic EPS (₹in lakh)	91.70	539.69
Net profit after tax available for equity shareholders for diluted EPS (₹ in lakh)	91.70	539.69
Weighted average number of equity shares for basic EPS (Nos. in lakh)	705.28	584.60
Weighted average number of equity shares for diluted EPS (Nos.in lakh)	705.28	584.60
Basic earnings per share (₹)	**0.13**	**0.92**
Diluted earnings per share (₹)	**0.13**	**0.92**

Effects of share options on diluted earnings per share

(For the year ended 31st March, 2021)

Particulars	Nos.
Net profit for the year ended 31st March, 2021 (₹ in lakh)	91.70
Weighted average number of equity shares outstanding during the year ended 31st March, 2021 (Nos.)	7,05,28,306
Average fair value of one option during the year ended 2021 (₹)	4.45 & 4.94 & 3.20
Weighted average number of shares under Employee stock option during the year ended 31st March, 2021 (Nos.)	7,31,635
Weighted average number of shares under Conversion with respect to Compound Financial Instrument during the year ended 31st March 2021	15,47,945
Exercise price for shares under option during the year ended 31st March, 2021 (₹)	10.00

Computation of Earnings per share

Particulars	Earnings (₹ in lakh)	Shares (Nos.)	Earnings per share (₹)
Net profit for the year ended 31st March, 2021	91.70		
Weighted average number of shares outstanding during year ended 31st March, 2021		7,05,28,306	
Basic earnings per share			0.13
Impact of employee stock options	19.05		
Impact of Compound Financial Instrument	4.93		
Number of shares under employee stock options	-	7,31,635	
Number of shares under conversion	-	15,47,945	
Diluted earnings per share	115.68	7,28,07,886	0.13

Note

1. Since the rate of conversion of the compulsorily convertible debentures can be ascertained only on the date of conversion, the same have not been considered while calculating the diluted earnings per share except for the compound financial instrument which are issued with fixed conversion terms.
2. Since the impact of considering the potential equity shares is anti-dilutive, the same have been ignored.

32 Employee benefit obligations

a) Defined contribution plans

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

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

₹ in lakh

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Provident fund	138.66	115.05

b) Defined benefit plans

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

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

(i) Balance sheet

Particulars	Present value of obligation	Fair value of plan assets	Net amount
As at 31st March, 2019	**11.26**	**-**	**11.26**
Current service cost	11.11	-	11.11
Interest expense / (income)	0.88	-	0.88
Return on plan assets	-	0.64	(0.64)
Actuarial loss / (gain) arising from change in financial assumptions	0.71	-	0.71
Actuarial loss / (gain) arising from change in demographic assumptions	(1.45)	-	(1.45)
Actuarial loss / (gain) arising on account of experience changes	1.69	-	1.69
Actuarial loss / (gain) arising on account of experience changes	-	11.26	(11.26)
As at 31st March, 2020	**24.20**	**11.90**	**12.29**
Current service cost	23.38	-	23.38
Interest expense/income	1.59	0.78	0.81
Return on plan assets	-	0.53	(0.53)
Actuarial loss / (gain) arising from change in financial assumptions	7.32	-	7.32
Actuarial loss / (gain) arising from change in demographic assumptions	(18.61)	-	(18.61)
Actuarial loss / (gain) arising on account of experience changes	(0.13)	-	(0.13)
Employer contributions	-	12.30	(12.30)
As at 31st March, 2021	**37.76**	**25.51**	**12.24**

₹ in lakh

Particulars	As at 31st March, 2021	As at 31st March, 2020
Present value of plan liabilities	37.76	24.20
Fair value of plan assets	25.51	11.90
Plan liability net of plan assets	**12.25**	**12.30**

Change in the fair value of plan assets :

₹ in lakh

Particulars	As at 31st March, 2021	As at 31st March, 2020
Fair value of plan assets at the beginning of the year	11.90	-
Interest income	0.78	-
Contributions by the employer	12.30	11.26
Return on plan assets excluding interest income	0.53	0.64
Fair value of plan assets at the end of the year	**25.51**	**11.90**

(ii) Statement of Profit and loss

₹ in lakh

Particulars	for the year ended 31st March, 2021	for the year ended 31st March, 2020
Employee Benefit Expenses:		
Current service cost	23.38	11.11
Total	**23.38**	**11.11**
Net interest cost	0.81	0.88
Net impact on the profit before tax	**24.19**	**11.99**
Remeasurement of the net defined benefit liability:		
Return on plan assets excluding amounts included in interest expense/income	(0.53)	(0.64)
Actuarial gains/(losses) arising from changes in demographic assumptions	(18.61)	(1.45)
Actuarial gains/(losses) arising from changes in financial assumptions	7.31	0.71
Actuarial gains/(losses) arising from changes in experience	(0.13)	1.69
Net impact on the other comprehensive income before tax	**(11.96)**	**0.31**

(iii) Defined benefit plans assets

₹ in lakh

Category of assets (% allocation)	As at 31st March, 2021	As at 31st March, 2020
Insurer managed funds		
- Government securities	-	-
- Insurance funds	25.51	11.90
- Deposit and money market securities	-	-
- Debentures / bonds	-	-
- Equity shares	-	-
Total	**25.51**	**11.90**

(iv) Actuarial assumptions

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

₹ in lakh

Particulars	As at 31st March, 2021	As at 31st March, 2020
Expected Return on Plan Assets	4.25% p.a.	6.56% p.a.
Rate of Discounting	4.25% p.a.	6.56% p.a.
Salary escalation rate*	7.00% p.a.	0.00% p.a. for the next 2 years, 6.26% p.a. for the next 1 year starting from the 3rd year, 5.00% p.a. thereafter starting from the 4th year
Rate of Employee Turnover	30.00% p.a.	10.00% p.a.
Mortality Rate During Employment	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate

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

(v) Demographic assumptions

₹ in lakh

Particulars	As at 31st March, 2021	As at 31st March, 2020
Mortality in Service :	Indian Assured Lives Mortality(2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate

(vi) Sensitivity

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

Year ended 31st March, 2021	Change in assumption	Impact on defined benefit obligation	
		Decrease	Increase
Discount rate	Delta Effect of +1%/-1% Change in Rate of Discounting	1.73	(1.61)
Rate of Employee Turnover	Delta Effect of +1%/-1% Change in Rate of Employee Turnover	1.27	(1.23)
Salary escalation rate	Delta Effect of +1%/-1% Change in Rate of Salary	(1.58)	1.67

The sensitivity analysis have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The sensitivity analysis presented above may not be representative of the actual change in the projected benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the projected benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same method as applied in calculating the projected benefit obligation as recognised in the balance sheet. There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

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

(vii) Maturity (Analysis from the employer)

The defined benefit obligations shall mature after year end as follows:

₹ in lakh

Particulars	As at 31st March, 2021	As at 31st March, 2020
1st Following Year	1.57	0.06
2nd Following Year	1.58	0.06
3rd Following Year	7.05	0.16
4th Following Year	7.78	2.40
5th Following Year	7.15	3.22
Sum of years 6 to 10	16.21	13.90
Sum of years 11 and above	4.82	32.28

The weighted average duration of the defined benefit obligation is 6 years (previous year - 11 years)

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

Interest rate risk:

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

Salary risk:

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

Investment risk:

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

Asset liability matching risk:

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

Mortality risk:

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

Concentration risk:

Plan is having a concentration risk as all the assets are invested with the insurance company and a default will wipe out all the assets. Although probability of this is very less as insurance companies have to follow regulatory guidelines.

Characteristics of defined benefit plans

The entity has a defined benefit gratuity plan in India (funded). The entity’s defined benefit gratuity plan is a final salary plan for employees, which requires contributions to be made to a separately administered fund.The fund is managed by a trust which is governed by the Board of Trustees. The Board of Trustees are responsible for the administration of the plan assets and for the definition of the investment strategy.During the year, there were no plan amendments, curtailments and settlements.

Separate trust fund for Gratuity plan

A separate trust fund is created to manage the Gratuity plan and the contributions towards the trust fund is done as guided by rule 103 of Income Tax Rules, 1962.

33 Related party disclosure

(I) Key managerial personnel

Sr.No.	Name of the person	Designation	Date of Appointment
1	Ranjan Ghosh #	Non-executive Director and Chairman	22nd March, 2017
2	Rishad Byramjee #	Non-executive Director	22nd March, 2017
3	Shailendra Apte*	Non-executive Director	06th December, 2016
4	Suresh Krishna Kodihalli	Independent Director	08th February, 2018
5	Jayshree Venkatesan*	Independent Director	12th June, 2018
6	Subhash Kutte	Independent Director	20th August, 2020
7	Deepa Poncha	Independent Director	05th November, 2020
8	Prashant Thakker #	Executive Director & CEO	01st June, 2019
9	Praveen Saha*	Manager	12th April, 2019
10	Hiren Vasa*	Chief Financial Officer	01st November, 2018
11	Asit Hemani	Chief Financial Officer	05th November, 2020
12	Bhumika Jani	Company Secretary	26th April, 2019

*Mr. Hiren Vasa was designated as CFO upto 31 August, 2020.

*Mr. Shaliendra Apte resigned as a director w.e.f 05 January, 2021

Ms. Jayshree Venkatesan resigned w.e.f 22 November , 2020.

*Mr. Praveen Saha resigned as a Manager w.e.f 01 November, 2020 and continues as the Business Head of the Company.

Non-executive directors have no pecuniary relationship with the Company, except receiving sitting fees for the meetings attended and those disclosed below."

Key Managerial Personnel - Mr. Ranjan Ghosh	For the year ended March 31, 2021	For the year ended March 31, 2020
	₹ in lakh	₹ in lakh
Share based payments(Number of options granted in lakh)	3.50	-

Key Managerial Personnel - Mr. Prashant Thakker	For the year ended March 31, 2021	For the year ended March 31, 2020
	₹ in lakh	₹ in lakh
a. Remuneration Paid	97.53	83.33
b. Share based payments(Number of options granted in lakh)	7.00	10.00

Key Managerial Personnel - Mr. Praveen Saha	For the year ended March 31, 2021	For the year ended March 31, 2020
	₹ in lakh	₹ in lakh
a. Remuneration Paid	29.00	55.00
b. Share based payments(Number of options granted in lakh)	-	3.00

Key Managerial Personnel - Mr. Hiren Vasa	For the year ended March 31, 2021	For the year ended March 31, 2020
	₹ in lakh	₹ in lakh
a. Remuneration Paid	7.50	18.00
b. Share based payments(Number of options granted in lakh)	-	0.75

Key Managerial Personnel - Mr. Asit Hemani	For the year ended March 31, 2021	For the year ended March 31, 2020
	₹ in lakh	₹ in lakh
Remuneration Paid	16.66	-

33 (II) Other related parties

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

a. Transactions during the year

₹ in lakh

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Issue of equity shares		
Centrum Capital Limited	-	750.00
Capital Contribution		
Centrum Capital Limited	0.13	10.51

Property, plant and equipment purchased		
Centrum Insurance Brokers Limited	-	1.38
Issue of compulsorily convertible debentures		
Centrum Capital Limited (Refer note below)	500.00	750.00
Centrum Financial Services Limited		1,500.00
Conversion of compulsorily convertible debentures		
Centrum Capital Limited	-	1,350.00
Issue of Non Convertible Redeemable Cumulative Preference shares		
Centrum Capital Limited	500.00	-
Loans given		
Centrum Retail Services Limited (Inter-corporate deposit)	500.00	400.00
Centrum Financial Services Limited (Inter-corporate deposit)	400.00	800.00
Repayments received against loans given		
Centrum Retail Services Limited (Inter-corporate deposit)	900.00	-
Centrum Financial Services Limited (Inter-corporate deposit)	400.00	800.00
Loans taken		
Centrum Housing Finance Limited	-	500.00
Centrum Capital Limited (Inter-corporate deposit)	1,500.00	-
Loans repaid		
Centrum Capital Limited	1,500.00	-
Centrum Housing Finance Limited	-	500.00
Corporate guarantee received		
Centrum Capital Limited	319.00	-

Note: The Company has issued Compound Financial Instrument amounting to ₹500 lakh which includes a liability component and an equity component. The equity component has been shown under other equity (note no.19) amounting to ₹375.38 lakh and the liability component amounting to ₹107.77 lakh has been shown in note no.12.

b. Income/Expense booked during the year

₹ in lakh

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Income		
Interest Income		
Centrum Financial Services Limited	1.99	6.13
Centrum Retail Services Limited	30.52	13.68
Expenses		
Interest expenses		
Centrum Financial Services Limited	225.00	59.84
BG Advisory Services LLP	45.00	45.00
Centrum Capital Limited (inter-corporate deposit)	10.33	-
Centrum Capital Limited (compulsorily convertible debentures)	-	148.94

Centrum Capital Limited (Compulsorily Convertible Debentures - Compound Financial instrument)*	4.93	-
Centrum Housing Finance Limited	-	3.74
Processing fees		
Centrum Wealth Management Limited (Arranger fees)	-	114.33
Centrum Financial Services Limited (Service Fee on Direct Assignment)	-	7.50
Centrum Capital Limited(amortisation of corporate guarantee fee)	8.58	17.19
Dividend on Non Convertible Redeemable Cumulative Preference shares (Accrued)		
Centrum Capital Limited	0.25	-
Rent		
Centrum Retail Services Limited	1.01	0.50
Centrum Financial Services Limited	0.09	0.09
Centrum Wealth Management Limited	-	0.34
Centrum Capital Limited	-	0.34
Travel fare		
Club7 Holidays Limited	-	6.13
Arranger fees		
Centrum Broking Limited	-	12.06
Trademark Expenses		
Centrum Capital Limited	10.00	-
Expenses incurred on behalf of the related parties		
Centrum Financial Services Limited (MCA expenses reimbursed)	-	1.90
Group Allocation expenses		
Centrum Retail Services Limited	100.00	101.92
Reimbursement of expenses incurred on behalf of the Company		
Centrum Retail Services Limited	-	0.75
Centrum Broking Limited	1.05	-

Note : All the income / expenses reported are exclusive of GST.

*The interest cost represents the amount paid in cash (gross of TDS) on Compulsorily Convertible Debentures-Compound Financial Instrument.

c. Balances at the end of the year

₹ in lakh

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Debt securities		
Centrum Capital Limited (compulsorily convertible debentures)	-	1,000.00
BG Advisory Services LLP (compulsorily convertible debentures)	300.00	300.00
Centrum Financial Services Limited (compulsorily convertible debentures)	1,500.00	1,500.00
Centrum Capital Limited (Non Convertible Redeemable Cumulative Preference shares)	500.00	-

Dividend payable on NCRCPS - Centrum Capital Limited (Accrued but not due)	0.25	-
Loan assets		
Centrum Retail Services Limited (inter-corporate deposits)	-	400.00
Trade payables		
Club7 Holidays Limited	0.02	0.19
Centrum Capital Limited	11.05	0.40
Centrum Retail Services Limited	-	0.59
Centrum Wealth Management Limited	-	0.40
Centrum Broking Limited	0.50	-
Centrum Financial Services Limited	6.03	-
Corporate guarantee outstanding provided by holding company*		
Centrum Capital Limited	5,721.16	14,450.64

* The amount of corporate guarantee represents the guarantee given by Holding Company towards the outstanding borrowings of the Company as on 31st March, 2021 and 31st March, 2020 respectively. The difference in the balances is on account of repayments of borrowings made during the year and additional guarantee received as disclosed above.

34. Employee Stock Option Plan

EMPLOYEES INCENTIVE SCHEME (EIS)

This scheme "the CML Employee Incentive Scheme""("CML EIS" or "the Scheme") forms a part of the CML Employees Incentive Plan ("CML EIP" or "the Plan"), as amended from time to time. The"Scheme" has been approved in the following manner:

Scheme	Date of approval by board via special resolution	Date of which scheme has been notified to the board
CML Employee Incentive Scheme - Series I	22nd May, 2019	26th April, 2019
CML Employee Incentive Scheme - Series II	22nd May, 2019	26th April, 2019
CML Employee Incentive Scheme - Series III	18th September, 2020	20th August, 2020

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

Particulars	CML EIS - Scheme I	CML EIS - Scheme II	CML EIS - Scheme III
Date of the grant	08-11-2019	08-11-2019	20-11-2020
Date of board meeting, where the EIS Plan was approved	26-04-2019	26-04-2019	20-08-2020
Date of committee meeting where grant of options were approved	05-11-2019	05-11-2019	11-05-2020
Date of shareholders' approval	22-05-2019	22-05-2019	18-09-2020
No. of options granted	16,00,000	6,50,000	7,50,000
Method of settlement	Equity	Equity	Equity

Particulars	CML EIS - Scheme I	CML EIS - Scheme II	CML EIS - Scheme III
Vesting conditions	The actual vesting of options will depend on continuation to hold the services being provided to the Company at the time of exercise of options and such other conditions as mentioned in the Scheme.	The actual vesting of options will depend on continuation to hold the services being provided to the Company at the time of exercise of options and such other conditions as mentioned in the Scheme.	The actual vesting of options will depend on continuation to hold the services being provided to the Company at the time of exercise of options and such other conditions as mentioned in the Scheme.
Vesting period (Years)	4	5	20% every year for 5 years
Exercise period (Years)	4	4	3

Details of Vesting and Exercise of Options

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

i. The details of EIS Schemes are summarised below:

Particulars	For the year ended March 31, 2021		For the year ended March 31, 2021		For the year ended March 31, 2021	
	CML EIS - Scheme I		CML EIS - Scheme II		CML EIS - Scheme III	
	No. of Options	Weighted average exercise price (₹)	No. of Options	Weighted average exercise price (₹)	No. of Options	Weighted average exercise price (₹)
Outstanding options at the beginning of the year	13,00,000	10.00	2,50,000	10.00	-	-
Granted during the year	3,00,000	10.00	4,00,000	10.00	7,50,000	10.00
Forfeited during the year	-	-	(75,000)	-	-	-
Exercised during the year	-	-	-	-	-	-
Number of shares arising as a result of exercise of options	-	-	-	-	-	-
Outstanding options at the end of the year	16,00,000	10.00	5,75,000	10.00	7,50,000	10.00
Exercisable at the end of the year	-	-	-	-	-	-
Weighted average fair value of the options exercisable	16,00,000	4.20	5,75,000	4.94	7,50,000	3.20

ii. Weighted average exercise price of option during the year ended 31st March, 2021: ₹10.00 (31st March, 2020: ₹10.00)

iii. The detail of exercise price for stock option at the end of the financial year 2020-21 is:

Series	Range of exercise price	No. of options outstanding for exercise	Weighted average remaining contractual life of options (in Years)	Weighted average exercise price
CML - EIS: Series I	₹10.00 per option	16,00,000	7	₹10.00
CML - EIS: Series II	₹10.00 per option	5,75,000	8	₹10.00
CML - EIS: Series III	₹10.00 per option	7,50,000	8	₹10.00

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

Particulars	Grant Date	Share Price as on grant date (₹ per share)	Exercise Price (₹ per share)	Expected Volatility Annualised Volatility %	Expected Life in Years	Risk-free interest rate (based on Government Bonds)	Fair vale as on grant date (₹ per share)
CML - EIS: Series I							
Vesting date 08 November, 2023	08-11-2019	10.00	10.00	17.23%	8	6.82%	4.44
Vesting date 08 November, 2022	08-11-2019	10.00	10.00	18.41%	7	6.84%	4.13
Vesting date 30 June, 2023	26-11-2020	10.00	10.00	21.55%	7	5.76%	3.81
CML - EIS: Series II							
Vesting date 08 November, 2024	08-11-2019	10.00	10.00	20.67%	9	6.75%	4.94
Vesting date 30 June, 2023	26-11-2020	10.00	10.00	21.55%	7	5.76%	3.81
CML - EIS: Series III							
Vesting date 20 November, 2021	20-11-2020	10.00	10.00	14.95%	4	4.76%	2.16
Vesting date 20 November, 2022	20-11-2020	10.00	10.00	13.87%	5	5.06%	2.55
Vesting date 20 November, 2023	20-11-2020	10.00	10.00	14.33%	6	5.70%	3.15
Vesting date 20 November, 2024	20-11-2020	10.00	10.00	19.81%	7	5.80%	3.86
Vesting date 20 November, 2025	20-11-2020	10.00	10.00	19.76%	8	5.94%	4.26
Vesting date 22 February, 2022	22-02-2021	10.00	10.00	7.75%	4	5.64%	2.06
Vesting date 22 February, 2023	22-02-2021	10.00	10.00	11.23%	5	5.77%	2.64
Vesting date 22 February, 2024	22-02-2021	10.00	10.00	20.32%	6	6.17%	3.63
Vesting date 22 February, 2025	22-02-2021	10.00	10.00	28.05%	7	6.31%	4.54
Vesting date 22 February, 2026	22-02-2021	10.00	10.00	28.35%	8	6.46%	4.96

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

35. The Company has recognised share based payment expense of ₹25.45 Lakh (March 31, 2020: ₹6.73 Lakh) during the year as a proportionate cost.

Financial risk management

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

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

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

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to the limits. The risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The audit committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The audit committee is assisted in its oversight role by the internal audit team. The internal audit team undertake both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

a) Credit risk management

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

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers or counterparties.

i) Credit risk management

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

Definition of Default

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

ii) Provision for expected credit losses

Risk category

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

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

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

As at 31st March, 2021 ₹ in lakh

Particulars	Risk category	Asset group	Estimated exposure carrying amount at default	Expected credit losses (as per Ind AS)
Loss allowance measured at 12 month expected credit losses	Low risk	Loans	41,053.38	567.20
Loss allowance measured at life-time expected credit losses	Medium risk	Loans	2,170.88	28.63
Credit loss is recognized on full exposure/ asset is written-off	High risk	Loans	396.96	331.88
Provision kept				**927.71**

As at 31st March, 2020 ₹ in lakh

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

Cash and cash equivalents

Cash and cash equivalents include balance of ₹3037.31 lakh as at 31 March, 2021 (as at 31st March, 2020: ₹1844.03 lakh) is maintained as cash in hand and balances with banks/ financial institutions in current/deposit accounts

Collaterals held

As of 31st March, 2021, all the exposure of the Company's loans were in unsecured portfolio. The Company provides microcredit to the un-served and under-served in urban, semi-urban and rural areas which are unsecured in nature.

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

Loans and advances/ Investments at amortised cost

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

Other types of collateral and credit enhancements

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

As at 31st March,2021, the Company did not hold any financial instruments for which no loss allowance is recognised because of collateral. During the period, there were no collateral policies issued by the Company.

Measurement of Expected Credit Losses

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

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

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

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

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

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

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

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

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

Probability of Default (PD)

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

Loss Given Default (LGD)

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

Exposure at default (EAD)

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

Macroeconomic Scenarios

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

iii) Reconciliation of loss allowance provision

For loans (₹ in lakh)

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

ECL during the year/ (reversal)	329.41	28.38	215.14
Write – offs	-	-	(0.60)
Loss allowance on 31st March, 2021	**567.20**	**28.63**	**331.88**

Write-offs still under enforcement

The assets are written off when there is no reasonable expectation of recovery. The Company continues to engage with parties whose balances are written off and attempts to enforce repayment. Recoveries made are recognised in the statement of profit and loss. For FY2021 the reported amount of recoveries against loans written off is ₹0.19 lakh (FY2020 : ₹2.12 lakh).

Significant increase in credit risk

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

Forward looking information

Management has assessed the impact of COVID-19 on significant increase in credit risk, impairment loss allowance and impairment on other assets. Refer note 42 for detailed disclosure regarding the same.

b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Due to the dynamic nature of the underlying business, Company's treasury maintains flexibility in funding by maintaining availability under committed credit lines.

Financing arrangements

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

(₹in lakh)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Undrawn borrowing facilities	400.00	600.00

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

As at 31st March, 2021

(₹ in lakh)

Particulars	Carrying amount	Contractual cash flows				
		upto 3 months	3 to 6 months	6 to 12 months	1 year to 3 years	Over 3 years
Non-derivative financial liabilities						
Payables	128.97	126.57	2.40	-	-	-
Debt securities	14,837.85	2,882.52	1,698.33	2,273.33	2,775.00	5,208.67
Borrowings (other than debt securities)	24,789.14	6,730.05	4,841.71	7,292.41	5,924.97	-
Subordinate Liabilities	1,501.18	0.93	-	0.25	-	1,500.00
Other financial liabilities	1,884.17	1,865.84	3.01	6.28	9.04	-
	43,141.31	**11,605.91**	**6,545.45**	**9,572.27**	**8,709.01**	**6,708.67**
Non-derivative financial assets						
Cash and cash equivalents	3,037.31	3,037.31	-	-	-	-
Bank balance other than cash and cash equivalents above	2,107.04	651.92	436.97	718.60	299.55	-
Receivables	9.53	9.53	-	-	-	-
Loans	43,627.96	8,722.39	7,817.09	13,406.06	13,271.80	410.62
Other financial assets	184.06	84.39	35.26	9.43	42.25	12.73
	48,965.90	**12,505.54**	**8,289.32**	**14,134.09**	**13,613.60**	**423.35**

As at 31st March, 2020

(₹ in lakh)

Particulars	Carrying amount	Contractual cash flows				
		upto 3 months	3 to 6 months	6 to 12 months	1 year to 3 years	Over 3 years
Non-derivative financial liabilities						
Payables	103.03	81.46	19.04	2.31	0.22	-
Debt securities	13,243.53	160.53	1,702.33	4,208.67	4,672.00	2,500.00
Borrowings (other than debt securities)	29,902.99	7,257.57	5,791.96	9,120.07	7,733.39	-
Subordinate Liabilities	1,005.38	5.38	-	-	-	1,000.00
Other financial liabilities	432.27	388.72	3.66	33.70	6.19	-
	44,687.20	**7,893.66**	**7,516.99**	**13,364.75**	**12,411.80**	**3,500.00**

Non-derivative financial assets						
Cash and cash equivalents	1,844.03	1,844.03	-	-	-	-
Bank balance other than cash and cash equivalents above	2,251.39	1,250.89	219.95	663.83	116.72	-
Receivables	14.97	14.97	-	-	-	-
Loans	44,824.41	6,669.90	8,789.12	14,641.60	14,604.45	119.34
Other financial assets	675.97	193.83	2.26	54.94	423.44	1.50
	49,610.77	**9,973.62**	**9,011.33**	**15,360.37**	**15,144.61**	**120.84**

c. Market risk

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

i) Price risk

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

The Company is not exposed to price risk as at 31st March, 2021 and 31st March, 2020 since the Company did not have any investments as on these reporting dates.

ii) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Company is not exposed to currency risk as at 31st March, 2021 and 31st March, 2020.

iii) Interest rate risk

The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to variable cash flows due to interest rate risk.

The Company's fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

Exposure to interest rate risk

The interest rate profile of the Company's variable interest-bearing financial instruments is as follows.

(₹ in lakh)

Particulars	As at March 31, 2021	As at March 31, 2020
Variable-rate instruments		
Financial assets	-	-
Financial liabilities	6,407.82	9,012.68

All the financial assets and financial liabilities other than those reported above, of the Company are at a fixed rate.

Sensitivity

Profit or loss is sensitive to higher/ lower interest expense from borrowings as a result of changes in interest rates.

(₹ in lakh)

Particulars	Impact on profit before tax	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest rates – increase by 100 basis points (+ 1 %)*	(64.08)	(90.13)
Interest rates – decrease by 100 basis points (- 1%)*	64.08	90.13

* Holding all other variables constant

36 Capital

The Company's objectives when managing capital are to:

1. Safeguard it's ability to continue as a going concern, so that it can continue to provide returns to shareholders and benefits to other stakeholders, and

2. Maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Company determines the capital requirement based on annual operating plans and long-term and other strategic investment plans. The funding requirements are met through fundings and operating cash flows generated.

No changes have been made to the objectives, policies and processes from the previous years except those incorporated on account of regulatory amendments. However, they are under constant review by the Board.

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

The Company has complied with the RBI notification number RBI/2019-20/170 DOR (NBFC).CC.PD

No.109/22.10.106/2019-20 dated 13th March,2020,"Implementation of Indian Accounting Standards".

Please refer note (xxii) - "Capital Adequacy Ratio" under additional disclosures related to RBI (note 50) for the detailed working of the same.

37 Maturity analysis of assets and liabilities

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

(₹ in lakh)

Particulars	As at 31st March, 2021			As at 31st March, 2020		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Assets						
Financial assets						
Cash and cash equivalents	3,037.31	-	3,037.31	1,844.03	-	1,844.03
Bank balance other than cash and cash equivalents above	1,807.49	299.55	2,107.04	1,442.36	807.41	2,249.77
Receivables	9.53	-	9.53	14.97	-	14.97
Loans	29,304.19	13,389.32	42,693.51	29,793.42	14,526.16	44,319.58
Other financial assets	129.08	54.98	184.06	197.81	44.00	241.81
Non-financial assets						
Current tax assets (net)	-	154.21	154.21	-	108.68	108.68
Property, plant and equipment	-	94.00	94.00	-	147.27	147.27
Right of Use - Premises	-	21.16	21.16	-	19.89	19.89
Goodwill	-	2,501.35	2,501.35	-	2,501.35	2,501.35
Intangible Assets	-	8.40	8.40	-	11.76	11.76
Other non-financial assets	75.72	-	75.72	64.77	-	64.77
Total assets	**34,363.32**	**16,522.97**	**50,886.29**	**33,357.36**	**18,166.52**	**51,523.88**
Liabilities						
Financial liabilities						
Trade payables	-	-	-	-	-	-
(i) total outstanding dues of micro enterprises and small enterprises	5.14	-	5.14	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	123.83	-	123.83	103.03	-	103.03
Debt securities	6,746.70	7,887.90	14,634.60	5,983.98	7,107.24	13,091.22
Borrowings (other than debt securities)	18,794.60	5,899.32	24,693.92	22,037.01	7,263.93	29,300.94
Subordinate Liabilities	1.18	1,500.00	1,501.18	5.38	1,000.00	1,005.38
Other financial liabilities	1,875.13	9.05	1,884.18	417.48	3.07	420.55
Non-financial Liabilities						
Provisions	12.25	-	12.25	16.33	17.38	33.71
Deferred tax liabilities (Net)	-	121.90	121.90	-	140.83	140.83
Other non-financial liabilities	77.47	-	77.47	98.00	-	98.00
Total liabilities	**27,636.30**	**15,418.17**	**43,054.47**	**28,661.21**	**15,532.45**	**44,193.66**
Net	**6,727.02**	**1,104.80**	**7,831.82**	**4,696.15**	**2,634.07**	**7,330.22**

37.1 Change in liabilities arising from financing activities

Particulars	As at 31st March, 2019	Cash flows	Others	As at 31st March, 2020	Cash flows	Others	As at 31st March, 2021
Debt securities including interest accrued thereon	6,905.65	7,426.00	(1,240.43)	13,091.22	9,749.49	(8,206.10)	14,634.60
Borrowings other than debt securities including interest accrued thereon	17,247.77	3,245.03	8,808.15	29,300.95	(11,662.57)	7,055.55	24,693.92
Subordinated liabilities	-	1,000.00	5.38	1,005.38	500.00	(4.21)	1,501.18
Lease liabilities	53.41	(63.34)	21.39	11.46	(19.80)	29.85	21.52
Total liabilities from financing activities	**24,206.83**	**11,607.69**	**7,594.49**	**43,409.01**	**(1,432.88)**	**(1,124.91)**	**40,851.22**

38 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly observable or estimated using a valuation technique.

Financial Instrument by Category (₹ in lakh)

Particulars	As at 31st March, 2021			As at 31st March, 2020		
	Fair Value through profit or loss	Fair Value through other comprehensive income	Amortised Cost	Fair Value through profit or loss	Fair Value through other comprehensive income	Amortised Cost
Financial Assets						
Cash and cash equivalents	-	-	3,037.31	-	-	1,844.03
Bank balance other than cash and cash equivalents above	-	-	2,107.04	-	-	2,249.77
Trade receivables	-	-	9.53	-	-	14.97
Loans	-	-	42,693.51	-	-	44,319.58
Other financial assets	-	-	184.06	-	-	241.81
Total Financial Assets	**-**	**-**	**48,031.45**	**-**	**-**	**48,670.16**
Financial Liabilities						
Trade payables	-	-	128.97	-	-	103.03
Debt securities	-	-	14,634.60	-	-	13,091.22
Borrowings (other than debt securities)	-	-	24,693.92	-	-	29,300.94
Subordinated Liabilities	-	-	1,501.18	-	-	1,005.38
Other financial liabilities	-	-	1,884.18	-	-	420.55
Total Financial Liabilities	**-**	**-**	**42,842.85**	**-**	**-**	**43,921.12**

Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the Indian Accounting Standard. An explanation of each level follows underneath the table.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

Fair value of financial instruments not measured at fair value

Set out below is a comparison, by class, of the carrying amounts and fair values of the Company's financial instruments that are not carried at fair value in the financial statements. This table does not include the fair values of non–financial assets and non-financial liabilities.

(₹ in lakh)

Financial assets and liabilities measured at amortised cost for which fair value is disclosed	Fair value hierarchy	As at 31st March, 2021		As at 31st March, 2020	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets					
Cash and cash equivalents	Level 1	3,037.31	3,037.31	1,844.03	1,844.03
Bank balance other than cash and cash equivalents above	Level 2	2,107.04	2,107.04	2,249.77	2,249.77
Receivables					
(I) Trade receivables	Level 3	9.53	9.53	14.97	14.97
(II) Other receivables					
Loans	Level 3	42,693.51	42,693.51	44,319.58	44,319.58
Other financial assets	Level 3	184.06	184.06	241.81	241.81
Financial liabilities					
Payables					
(I)Trade payables	Level 3	128.97	128.97	103.03	103.03
(II)Other Payables					
Debt securities	Level 2	14,634.60	14,634.60	13,091.22	13,091.22
Borrowings (other than debt securities)	Level 2	24,693.92	24,693.92	29,300.94	29,300.94
Subordinate liabilities	Level 2	1,501.18	1,501.18	1,005.38	1,005.38
Other financial liabilities	Level 3	1,884.18	1,884.18	420.55	420.55

Notes:

The carrying amounts of cash and cash equivalents, bank balances other than cash and cash equivalents, receivables, other financials assets, payables, short term borrowings and other financial liabilities are considered to be approximately equal to their fair values due to their short term nature.

Valuation methodologies of financial instruments not measured at fair value

The fair values of loans and receivables, borrowings, debt securities and subordinate liabilities are calculated using a portfolio-based approach, grouping loans as far as possible into homogenous groups based on similar characteristics. This fair value is then reduced by impairment allowance which is already calculated incorporating probability of defaults and loss given defaults to arrive at fair value net of risk.

There are no transfers between levels 1 and 2 during the year. Similarly, there were no transfers from or transfer to level 3.

39 Leases

The following is the movement in lease liabilities:

(₹ in lakh)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Balance as at the beginning of the year	**11.46**	**53.41**
Additions during the year	17.94	16.74
Finance cost accrued during the year	1.83	4.65
Deletions during the year	-	-
Rent paid in advance	10.09	(10.09)
Payment of lease liabilities during the year	(19.80)	(53.25)
Balance as at the end of the year	**21.52**	**11.46**

The table below provides details regarding the contractual maturities of lease liabilities on an undiscounted basis:

(₹ in lakh)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Less than one year	13.67	17.00
One to five years	9.90	6.19
More than five years	-	-
Total	**23.57**	**23.19**

The amounts considered above are actual cash outflows. The lease liability in the balance sheet is the present value of these amounts as on the reporting date.

The following is the movement in right of use assets:

(₹ in lakh)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Depreciation on Right of Use assets	18.12	50.61
Interest expense on lease liability	1.83	4.65
Total cash outflow for leases (rental payments)	19.80	53.25
Additions to Right of Use assets*	19.38	17.22
Carrying value of Right of Use assets	21.16	19.89

*This includes right of use assets created on account of security deposits.

As at 31st March, 2021 (₹ in lakh)

Particulars	Carrying amount	upto 3 months	3 to 6 months	6 to 12 months	1 year to 3 year	Over 3 year
Lease liabilities	23.57	3.49	3.30	6.88	9.90	-

As at 31st March, 2020 (₹ in lakh)

Particulars	Carrying amount	upto 3 months	3 to 6 months	6 to 12 months	1 year to 3 year	Over 3 year
Lease liabilities	23.19	6.95	3.66	6.39	6.19	-

The amounts considered above are actual cash outflows. The lease liability in the balance sheet is the present value of these amounts as on the reporting date.

The Company has taken various office premises under lease. Certain agreements provide for cancellation by either party or certain agreements contain clause for escalation and renewal of agreements. The non-cancellable operating lease agreements are ranging for a period of 3 months to 60 months. There are no restrictions imposed by lease arrangements.

The discounting rate of 10% has been applied to lease liabilities recognised in the balance sheet as at the reporting date.

The Company does not face a significant liquidity risk with regard to its lease liabilities as the assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

40 Goodwill Impairment Testing

a. Goodwill

(₹ in lakh)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Balance at the beginning of the year	**2,501.35**	**1,578.60**
Goodwill arising on acquisitions	-	922.75
Balance at the end of the year	**2,501.35**	**2,501.35**

b. Goodwill impairment assessment

The Company tests whether goodwill has suffered any impairment on an annual basis and when the circumstances indicate that the carrying value may be impaired. The recoverable amount of the cash generating unit (CGU) was determined based on the higher of the CGU's (Cash generating unit's) fair value less costs of disposal and its value-in-use, the calculations of which require the use of assumptions. The calculations of the value in use consider the cash flow projections based on financial budgets approved by the management covering a five-year period. Cash flows beyond the five-year period are extrapolated using estimated growth rate. Fair value is determined by applying book value multiple.

The Company is primarily engaged in the business of financing and there are no separate reportable segments identified. Hence the entire business is considered as the cash generating unit for the purpose of allocating goodwill.

This represents the goodwill recognised on acquisition of the microfinance businesses of First Rand Bank and Altura Financial Services Limited. The Company believes that the carrying amount of the goodwill is recoverable.

41 Micro, small and medium enterprise

Based on the intimation received by the Company, some of the suppliers have confirmed to be registered under "The Micro, Small and Medium Enterprises Development ('MSMED') Act, 2006". Accordingly, the disclosures relating to amounts unpaid as at the year ended together with interest paid /payable are furnished below:

(₹ in lakh)

Particulars	As at 31st March, 2021	As at 31st March, 2020
The principal amount remaining unpaid to supplier as at the end of the year	5.14	-
The interest due thereon remaining unpaid to supplier as at the end of the year	-	-
The amount of interest paid in terms of Section 16, along with the amount of payment made to the supplier beyond the appointed day during the year	-	-
The amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	-	-
The amount of interest accrued during the year and remaining unpaid at the end of the year	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro, Small and Medium enterprise Development Act, 2006	-	-

42 COVID-19 Impact

The Company has granted moratorium on the payment of instalments falling due from March 01, 2020 till August 31,2020 to all eligible borrowers based on the Board approved moratorium policy read with the Reserve Bank of India (RBI) guidelines dated March 27, 2020 and May 23, 2020 relating to 'COVID-19 - Regulatory Package' and RBI guidelines on EMI moratorium dated April 17, 2020. The said moratorium was reviewed and granted on a monthly basis. Further, period for which moratorium was granted had not been considered for computing days past due (DPD) as on 31st March, 2021. Extension of such moratorium benefit to borrowers as per the COVID-19 Regulatory package of the RBI and DPD freeze for such period by itself is not considered to result in significant increase in credit risk as per Ind AS 109 for staging of accounts. The Company continued 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. The COVID -19 pandemic has significantly affected various sectors of the Indian economy. The prolonged lockdown imposed by the government due to Covid-19 pandemic has affected the Company's business operations. The sector has experienced one of the fastest recovery from any major crisis because of the support extended by RBI. The collection efficiency for the half year ended 31st March, 2021 has improved significantly as compared to half year ended 30th September, 2020 as the business has resumed its normalcy post lockdown. The Company has also resumed its disbursements from August 2020 onwards. In view of the same the Company has maintained a management overlay of ₹324.83 lakh as on 31st March, 2021 with respect to its inactive clients who have not made any repayments from April 01, 2020 onwards. The management overlay on account of COVID – 19 is based on the Company's historical experience and other emerging forward looking factors on account of the pandemic. Further, the management estimates that all other assets of the Company are recoverable. However, the actual impact may vary due to prevailing uncertainty caused by the pandemic. The Company's management is continuously monitoring the situation and the economic factors affecting the operations of the Company.

43 Corporate Social Responsibility

(₹ in lakh)

Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
As per the provisions of Section 135 of Companies Act, 2013		
A) Gross amount required to be spent by the Company during the year was	7.17	-
B) Amount spent during the year on		
I Construction/acquisition of any assets		
i) In Cash	-	-
ii) Yet to be paid in cash	-	-
Total (I)	-	-
II On purpose other than (i) above		
i) In Cash	45.84	-
ii) Yet to be paid in cash	-	-
Total (II)	**45.84**	**-**
Total (I + II)	**45.84**	**-**

44 Segment information

The Company's Chief Executive Officer (CEO) and Chief Operating Officer (COO) identified as the Chief Operating Decision Makers examine the Company's performance on an entity level. The Company is primarily involved in micro-finance business and therefore has only one reportable segment i.e. microfinance lendings. The Company does not have any other reportable geographical segment. Thus the segment revenue, segment results, total carrying value of segment assets and segment liabilities, total costs incurred to acquire segment assets, total amount of charge of depreciation during the period are all reflected in the financial statements. No single customer contributes more than 10% of the total revenue earned during the year. No separate segment reporting is required as per Ind AS 108 Operating Segments

45 Transfer of financial assets

Transfer of financial assets Transferred financial assets that are not derecognised in their entirety

A) Securitisation

The Company has securitised certain loans, however the Company has not transferred substantially all risks and rewards, hence these assets have not been de-recognised in their entirety.

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

(₹ in lakh)

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
Securitisation		
Carrying amount of transferred assets measured at amortised cost #	2,681.39	855.24
Carrying amount of associated liabilities (other than debt securities - measured at amortised cost)	2,550.79	768.38
Fair value of assets#	2,681.39	855.24

(₹ in lakh)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Fair value of associated liabilities	2,550.79	768.38
Net Position at FV	**-**	**-**

The amounts reported above are excluding notional Ind AS adjustments.

B) Direct assignment

The Company has sold some loans (measured at amortised cost) by way of direct bilateral assignment, as a source of finance. As per the terms of these deals, since substantial risk and rewards related to these assets were transferred to the buyer, the assets have been de-recognised from the Company's balance sheet.

The table below summarises the amount of the derecognised financial assets measured at amortised cost and the gain/(loss) on derecognition, per type of asset.

(₹ in lakh)

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
Assignment		
Amount of de-recognised financial asset*	5,076.50	4,823.43
Carrying amount of retained assets at amortised cost**	509.11	439.37

The amounts reported above are excluding notional Ind AS adjustments.

* Amount represents assets de-recognised during the year.

(₹ in lakh)

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
Assignment		
Gain on sale of de-recognised financial assets	319.71	305.00

** The amount held as retention is 10% of the total value of assigned loans.

46 Dividend paid and proposed

The Company has not declared any dividend during the year. Further, no dividend is proposed for approval at the Annual General Meeting.

47 Events occurring after the reporting period

There have been no events after the reporting date that require disclosure in the financial statements.

48 Expenditure in foreign currency

Particulars*	Amount in ₹ lakh
Other borrowing costs	119.62
Legal and professional charges	2.42
Total expenditure in foreign currency	**122.04**

*Actual foreign currency payment made during the year.

49 Contingent liabilities and commitments

There are no contingent liabilities and commitments as on 31st March, 2021 (31st March, 2020 : NIL)

50 Additional disclosures as required by RBI

The additional disclosure notes required by the Reserve Bank of India (RBI) are prepared under the Indian Accounting Standards (Ind AS) issued by the Ministry of Corporate Affairs (MCA), unless otherwise stated.

i) Information on instances of fraud

Instances of fraud for the year ended 31st March, 2021: (₹ in lakh)

Nature of fraud	No. of cases	Amount of fraud	Recovery	Write-off
Cash embezzlement	21	5.48	2.34	-

Instances of fraud for the year ended 31st March, 2020: (₹ in lakh)

Nature of fraud	No. of cases	Amount of fraud	Recovery	Write-off
Cash embezzlement	8	2.15	1.65	-

ii) Movement in non-performing assets (NPAs) ₹ in lakh

Particulars	As at 31st March, 2021	As at 31st March, 2020
(a) Net NPAs to Net Advances (%)	**0.15%**	**0.01%**
(b) Movement of NPAs (Gross)		
(I) Opening balance	119.46	37.06
(II) Additions during the year	284.32	98.65
(III) Reductions during the year	(6.82)	(16.25)
(IV) Closing balance	396.96	119.46
(c) Movement of Net NPAs		
(I) Opening balance	2.12	3.21
(II) Additions during the year	69.18	15.16
(III) Reductions during the year	(6.22)	(16.25)
(IV) Closing balance	65.08	2.12
(d) Movement of provisions for NPAs (excluding provision on standard assets)		
(I) Opening balance	117.34	33.85
(II) Additions during the year	215.14	83.49
(III) Write off/write back of excess provision	(0.60)	-
(IV) Closing balance	331.88	117.34

NPA accounts reported are stage 3 assets.

iii) (a) Disclosure relating to securitisation

The Company has entered into various agreements for the securitisation of loans with assignees, wherein it has securitised a part of its loans portfolio amounting to ₹3,843.86 lakh during the year ended 31st March, 2021 (31st March, 2020 ₹1,295.75 lakh), being the principal value outstanding as on the date of the deals that are outstanding. The Company is responsible for collection and getting servicing of this loan portfolio on behalf of investors/buyers. In terms of the said securitisation agreements, the Company pays to investor/buyers on agreed date basis the prorata collection amount as per individual agreement terms.

The information on securitisation of the Company as an originator in respect of outstanding amount of securitised assets is given below:

(₹in lakh)

Particulars	As at 31st March, 2021	As at 31st March, 2020
No. of SPVs sponsored by the NBFC for securitisation transactions	3	2
Total amount of securitised assets as per books of the SPVs sponsored by the NBFC	2,681.39	855.24
Total amount of exposures retained by the NBFC to comply with MRR as on the date of the balance sheet	-	-
I) Off-balance sheet exposures		
- First loss		
- Others	-	-
II) On-balance sheet exposures		
- First loss (In the form of Security deposit)	272.94	241.89
- Others		
Amount of exposures to securitisation transactions other than MRR		
I) Off-balance sheet exposures		
Exposure to own securitisations		
- First loss	-	-
- loss	-	-
Exposure to third party securitisations		
- First loss	-	-
- Others	-	-
II) On-balance sheet exposures		
Exposure to own securitisations		
- First loss	-	-
- Others	-	-
Exposure to third party securitisations		
- First loss	-	-
- Others	-	-

Total outstanding amounts and cash collateral as on the date of the balance sheet are excluding notional Ind AS adjustments.

Disclosure as per RBI circular no.DBOD.No.BP.BC.60/21.04.048/200506 dated 1st February, 2006.

(₹in lakh)

Particulars	As at 31st March, 2021	As at 31st March, 2020
I) Total number of loan assets securitised during the year	19,107	7,595
II) Book value of loans assets securitised during the year	3,843.86	1,295.75
III) Consideration received during the year	3,459.48	1,218.01
IV) Credit enhancement provided during the year	272.94	241.89
V) Unamortised interest spread as at year end	-	-
VI) Interest spread recognised in the statement of profit and loss during the year	-	-
(including amortisation of unamortised interest spread) *	-	-

* Under Ind AS 109, securitised loan assets do not meet de-recognition criteria and accordingly, the Company continues to recognise such loan assets and in addition recognises a liability for the amount received. Accordingly, securitised loan assets and related liability is measured at amortised cost using effective interest method.

Details of financial asset sold to Securitisation/Reconstruction Company for asset reconstruction:

The Company has not sold financial assets to securitisation/reconstruction companies for asset reconstruction in the current and previous year.

iii) (b) Disclosure relating to direct assignment transactions

Detail of assignment transactions undertaken:-

The Company has entered into various agreements for the assignment of loans with assignees, wherein it has assigned a part of its loans portfolio amounting to ₹5,640.55 Lakh* during the year ended 31st March, 2021 (31st March, 2020: 5,359.37 Lakh), being the principal value outstanding as on the date of the deals that are outstanding. In terms of accounting policy mentioned in Significant Accounting Policies. The Company has de-recognised these loan portfolios. The Company is responsible for collection and getting servicing of this loan portfolio on behalf of investors/buyers. In terms of the said assignment agreements, the Company pays to investor/buyers on agreed date basis the prorata collection amount as per individual agreement terms.

(₹in lakh)

Particulars	As at 31st March, 2021	As at 31st March, 2020
(I)No. of accounts	27,208	27,747
(II)Aggregate value (net of provisions) of accounts assigned*	5,640.55	5,359.37
(III)Aggregate consideration	5,076.50	4,823.43
IV) Interest spread recognised in the statement of profit and loss during the year (including amortisation of interest spread net of related expenses)	319.71	305.00

*The assigned value represents 100% of the portfolio. Of the above, the Company has retained 10% as MRR.

iv) Details of non-performing financial assets purchased/sold

The Company has not purchased/sold any non-performing financial assets during the current and previous year.

v) Details of financing of parent Company products

The Company has not financed the product of parent Company during the year ended 31st March 2021 (31st March 2020: Nil).

vi) Information on net interest margin during the year

(₹in lakh)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Average effective yield on loans (a)*	23.47%	24.26%
Average effective cost of borrowing (b)	15.24%	14.86%
Net interest margin (a-b) (refer note below)	**8.23%**	**9.40%**

*The net interest income considered for the purpose of calculating average effective yield on loans does not include interest on interest charged during moratorium period.

Note:

Net interest margin as on 31st March, 2021 and 31st March, 2020 are calculated based on Ind AS financial statements and does not include the impact of processing fees on loans.

vii) Concentration of deposits:

There are no deposits taken during the year ended 31st March, 2021 (31st March, 2020 : Nil)

viii) Asset liability management

Maturity pattern of certain items of assets and liabilities as at 31st March 2021 ₹ in lakh

Particulars	0-7 Days	8-14 Days	15-30 Days	1-2 Month	2-3 Month	3-6 Month	6 month to 1 year	1-3 Year	3-5 year	over 5 year	Total
Deposits	-	-	-	-	-	-	-			-	**-**
Advances	1,103.75	811.19	1,317.16	2,777.16	2,713.13	7,817.09	13,406.06	13,271.80	410.62	-	**43,627.96**
Investments	-	-	-	-	-	-	-			-	**-**
Borrowings	1,719.87	793.17	1,360.25	3,297.64	2,442.57	6,540.04	9,565.99	8,699.97	6,708.61	-	**41,128.11**
Foreign Currency assets	-	-	-	-	-	-	-			-	**-**
Foreign currency liabilities	-	-	-	-	-	-	-			-	**-**

The amount of advances and borrowings reported above are excluding notional Ind AS adjustments.

Maturity pattern of certain items of assets and liabilities as at 31st March 2020 ₹ in lakh

Particulars	0-7 Days	8-14 Days	15-30 Days	1-2 Month	2-3 Month	3-6 Month	6 month to 1 year	1-3 Year	3-5 year	over 5 year	Total
Deposits	-	-	-	-	-	-	-			-	**-**
Advances*	613.38	182.25	32.21	2,926.85	2,915.21	8,789.12	14,641.60	14,604.45	119.34	-	**44,824.41**
Investments	-	-	-	-	-	-	-			-	**-**
Borrowings	1,891.68	271.95	1,309.39	1,976.29	1,957.86	7,360.28	13,479.07	12,405.39	1,500.00	2,000.00	**44,151.91**
Foreign Currency assets	-	-	-	-	-	-	-			-	**-**
Foreign currency liabilities	-	-	-	-	-	-	-			-	**-**

The amount of advances and borrowings reported above are excluding notional Ind AS adjustments.

*The Board of Directors of the Company have approved the moratorium policy on 31st March, 2020 for three months starting from 01st March, 2020 to 31st May, 2020 vide RBI circular dated 27th March, 2020, No. RBI/2019-20/ 186 DOR.No.BP.BC.47/21.04.048/2019-20 to eligible borrowers. Consequently, the effect of the moratorium policy as mentioned above has been considered while arriving at the maturity pattern as at 31st March, 2020. As guided by the above mentioned RBI circular, the Company offered moratorium to all its eligible customers as defined above. The Company has made changes in the maturity pattern for only those customers who have opted for moratorium in a particular month. Accordingly, the repayment dates have been shifted by a month's time for such customers. The Company plans to conduct this exercise at every month end till the time moratorium is granted for the customers who want to opt for moratorium after being aware of the additional interest being charged. The Company effectively communicates with all its customers on the moratorium policy through various means and shall continue to do so till the time moratorium has to be granted.

ix) Sector-wise NPAs

Sector	As at 31st March, 2021	As at 31st March, 2020
	(%) of NPAs to total advances in that sector	
Agriculture and allied activities *	0.46%	0.06%
MSME	-	-
Corporate borrowers	-	-
Services	-	-
Other unsecured loans *	1.18%	0.34%
Auto loans	-	-
Other personal loans	-	-

NPA accounts reported are stage 3 assets.

* It represents micro business loans given to JLG borrowers.

The amount of NPAs and advances considered while calculating the above percentages are excluding notional Ind AS adjustments.

x) Concentration of advances, exposure and NPAs : (₹in lakh)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Concentration of advances		
Total advances to twenty largest borrowers	179.87	1,595.27
(%) of advances to twenty largest borrowers to total advance	0.41%	3.56%
Concentration of exposures		
Total exposure to twenty largest borrowers/customers	179.87	1,595.27
(%) of exposure to twenty largest borrowers/customers to total exposure	0.41%	3.56%
Concentration of NPAs		
Total exposure to top four NPA accounts	2.16	1.42

The actual amount of exposure and advances are excluding notional Ind AS adjustments.

xi) Draw down from Reserves

There has been no draw down from reserves during the year ended 31st March, 2021 (31st March, 2020: Nil).

xii) Overseas assets

The Company did not have any Joint Ventures and Subsidiaries abroad as at 31st March, 2021 (31st March, 2020: Nil).

xiii) Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the NBFC

The Company did not exceed the limits prescribed for Single and Group Borrower during the year ended 31st March, 2021 (31st March, 2020: Nil).

xiv) Customer complaints

Sector	As at 31st March, 2021	As at 31st March, 2020
(a) Number of complaints pending at the beginning of the year	**-**	**1**
(b) Number of complaints received during the year	92	123
(c) Number of complaints redressed during the year	92	124
(d) Number of complaints pending at the end of the year	-	-

The Company has a Customer Grievance Redressal Mechanism for convenience of customers to register their complaints and for the Company to monitor and redress them.

xv) Registration obtained from other financial sector regulators

The Company is registered with following other financial sector regulators (Financial regulators as described by Ministry of Finance):

a. Ministry of Corporate Affairs

xvi) Investments:

Particulars	As at 31st March, 2021	As at 31st March, 2020
(I) Value of investments		
Gross value of investments		
(a) in India	-	-
(b) outside India	-	-
Provisions for depreciation		
(a) in India	-	-
(b) outside India	-	-
Net value of investments		
(a) in India	-	-
(b) outside India	-	-
(II) Movement of provisions held towards depreciation on investments		
Opening balance	-	-
Add : Provisions made during the year	-	-
Less : Write-off / write-back of excess provisions during the year	-	-
Closing balance	-	-

xvii) Derivatives

The Company has no transactions/exposure in derivatives in the current and previous year. The Company has no unhedged foreign currency exposure as on 31st March, 2021 (31st March, 2020: Nil).

xviii) Exposure to real estate sector

The Company has no exposure to the real estate sector directly or indirectly as at 31st March, 2021 (31st March, 2020: Nil).

xix) Exposure to capital markets

The Company does not have any direct or indirect exposure towards capital markets as at 31st March, 2021 (31st March, 2020: Nil).

xx) Penalties imposed by RBI and other regulators

No penalties have been imposed by RBI and other regulators during the year ended 31st March, 2021 (31st March, 2020: Nil).

xxi) Break up of provisions and contingencies shown under the head expenditure in statement of profit and loss

₹in lakh

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Provision towards non-performing assets*	214.53	83.48
Provision made towards Income tax (including deferred tax)	38.38	94.15
Provision towards other receivables and fixed deposits	(12.28)	11.30
Provision for standard assets**	-	-
Other provisions and contingencies		
Provisions towards impairment of financial instruments other than provision for stage 3 assets**	361.08	54.34

* It comprises of provision for stage 3 assets excluding bad debts written off.

** Provision for standard assets are included in provisions towards impairment of financial instruments other than provision for stage 3 assets

xxii) Capital Adequacy Ratio

Capital to risk assets ratio (CRAR):	As at 31st March, 2021 #	As at 31st March, 2020 #
CRAR (%)	23.33%	18.96%
CRAR - Tier I capital (%)	12.24%	10.18%
CRAR - Tier II capital (%)	11.09%	8.78%
Amount of subordinated debt considered as Tier II capital	1,307.60	1,005.38

Calculated as per RBI notification RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 "Implementation of Indian Accounting Standards" issued by RBI on 13th March, 2020.

Tier I capital, Tier II capital and owned fund are calculated as defined in Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 and notification RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 "Implementation of Indian Accounting Standards" issued by RBI on 13th March, 2020."

xxiii) Asset classification as per RBI norms

Loan portfolio has been classified in accordance with the directives issued by the Reserve Bank of India (Master Circular- Introduction of New Category of NBFCs - 'Non Banking Financial Company-Micro Finance Institutions' (NBFC-MFIs) - Directions). The necessary provisions as per RBI norms prescribed vide notification RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 "Implementation of Indian Accounting Standards" issued by RBI on 13th March, 2020." have been made. Table below:

As at 31st March, 2021

₹ in lakh

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms*
Performing Assets						
Standard	Stage 1	41,053.38	567.20	40,486.18	13.57	(553.63)
	Stage 2	2,170.88	28.63	2,142.25	21.71	(6.92)
Subtotal		**43,224.26**	**595.83**	**42,628.44**	**35.28**	**(560.55)**
Non-Performing Assets (NPA)						
Substandard	Stage 3	292.60	244.63	47.97	292.60	47.97
Doubtful - up to 1 year	Stage 3	69.27	57.92	11.35	69.27	11.35
Doubtful - 1-3 years	Stage 3	35.09	29.33	5.76	35.09	5.76
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful		**396.96**	**331.88**	**65.08**	**396.96**	**65.08**
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		**396.96**	**331.88**	**65.08**	**396.96**	**65.08**
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal						
	Stage 1	**41,053.38**	**567.20**	**40,486.18**	**13.57**	**(553.63)**
Total	**Stage 2**	**2,170.88**	**28.63**	**2,142.25**	**21.71**	**(6.92)**
	Stage 3	**396.96**	**331.88**	**65.08**	**396.96**	**65.08**

* The negative amount represents the provision held by the Company in excess of IRACP norms.

As at 31st March, 2020

₹ in lakh

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
Performing Assets						
Standard	Stage 1	44,507.46	237.79	44,269.67	324.45	86.66
	Stage 2	48.04	0.25	47.79	0.48	0.23
Subtotal		**44,555.50**	**238.04**	**44,317.46**	**324.93**	**86.89**
Non-Performing Assets (NPA)						
Substandard	Stage 3	91.42	91.25	0.17	91.42	0.17
Doubtful - up to 1 year	Stage 3	28.04	26.09	1.96	28.04	1.95
Doubtful - 1-3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful		**119.46**	**117.34**	**2.13**	**119.46**	**2.12**
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		**119.46**	**117.34**	**2.13**	**119.46**	**2.12**
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal						
	Stage 1	**44,507.46**	**237.79**	**44,269.67**	**324.45**	**86.66**
Total	**Stage 2**	**48.04**	**0.25**	**47.79**	**0.48**	**0.23**
	Stage 3	**119.46**	**117.34**	**2.13**	**119.46**	**2.12**

xxiv) Unsecured loans and advances

All loans of the Company are unsecured except for loans assigned by a related party.

xxv) One-time restructuring done during the year

During the year ended March 31, 2021, the Company has invoked resolution plans to relieve COVID-19 pandemic related stress to eligible borrowers. The resolution plans are based on the parameters laid down in the resolution policy approved by the Board of Directors of the Company and in accordance with the guidelines issued by the RBI on August 6, 2020. The staging of accounts and provisioning for the eligible accounts where the resolution plans are invoked and implemented is in accordance with the Board Approved Policy in this regard. Disclosure pursuant to RBI notification RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21 dated 06 August 2020:

Type of Borrower	(A)Number of accounts where resolution plan has been implemented under this window	(B)exposure to accounts mentioned at (A) before implementation of the plan (₹in lakh)	('C) Of (B), aggregate amount of debt that was converted into other securities	(D)Additional funding sanctioned, if any, including between invocation of the plan and implementation (₹in lakh)	(E)Increase in provisions on account of the implementation of the resolution plan
Personal Loans**	27,153	5,319.28	NIL	1,082.37	Refer note (a) below
Corporate persons*	-	-	NIL	-	
Of which, MSMEs	-	-	NIL	-	
Others	-	-	NIL	-	
Total	**27,153**	**5,319.28**	**NIL**	**1,082.37**	

*As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016

**It represents micro business loans given to JLG borrowers.

(a)Since the Company is an Ind AS following NBFC, hence the provisioning in the financial statements on portfolio under the above resolution plan are made as per the ECL norms in accordance with the Board of Directors approved policy in this regard. Further, the provisioning as required under the COVID Resolution Framework for COVID-19 related stress circular dated 06 August, 2020 of RBI has been computed for the purpose of provisioning under IRAC norms to comply with the RBI circular dated March 13, 2020.

xxvi) Disclosure on liquidity risk under RBI circular no. RBI/2019-20/88 DOR.NBFC (PD) CC. No.102/03.10.001/2019-20 dated November 04, 2019 on Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies

a. Funding Concentration based on significant counterparty (borrowings, debt securities and subordinated liabilities)

Particulars	As at 31st March, 2021	As at 31st March, 2020
No. of Significant Counterparties*	19	14
Amount (₹ in lakh) #	36,316.19	31,436.75
Percentage of funding concentration to total deposits	Not Applicable	Not Applicable
Percentage of funding concentration to total liabilities	84.35%	70.47%

*Significant counterparty is as defined in RBI Circular RBI/2019-20/88 DOR.NBFC (PD) CC.No.102/03.10.001/2019-20 dated 4 November 2019 on Liquidity Risk Management Framework for Non Banking Financial Companies and Core Investment Companies.

b. Top 20 large deposits: Not Applicable

c. Top 10 Borrowings

Particulars	As at 31st March, 2021	As at 31st March, 2020
Total amount of top 10 borrowings (₹ in lakh) #	28,744.08	28,375.91
Percentage of amount of top 10 borrowings to total borrowings	69.89%	64.29%

d. Funding concentration based on significant instrument / product**:

Particulars	As at 31st March, 2021 ₹in lakh #	% of Total liabilities	As at 31st March, 2020 ₹in lakh #	% of Total liabilities
Non-convertible debentures	10,954.48	25.44%	10,443.53	23.66%
Compulsorily convertible debentures	2,907.77	6.75%	2,800.00	6.34%
Term loan from banks	3,208.73	7.45%	5,995.75	13.58%
Term loan from financial institutions	18,525.78	43.03%	21,848.81	49.50%
Subordinated Liability	1,000.93	2.32%	1,005.38	2.28%
Non-convertible redeemable cumulative preference shares	500.25	1.16%	-	0.00%
Securitisation liability	2,550.79	5.92%	768.38	1.74%
Commercial Paper	975.82	2.27%	-	0.00%
Short Term Facilities	503.56	1.17%	1,278.64	2.90%

**Significant instrument/product is as defined in RBI Circular RBI/2019-20/88 DOR.NBFC (PD) CC.No.102/03.10.001/2019-20 dated 4 November 2019 on Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies.

e. Stock Ratios:

Particulars	As at 31st March, 2021	As at 31st March, 2020
I Commercial Papers to Total Liabilities##	2.27%	Not Applicable
II Commercial Papers to Total Assets	1.92%	Not Applicable
III Commercial Papers to Public funds***	2.55%	Not Applicable
IV NCD (Original Maturity < 1yrs.) to Total Liabilities	0.00%	0.00%
V NCD (Original Maturity < 1yrs.) to Total Assets	0.00%	0.00%
VI NCD (Original Maturity < 1yrs.) to Public funds***	0.00%	0.00%
VII Other Short Term Liabilities to Total Liabilities ##	63.68%	63.99%
VIII Other Short Term Liabilities to Total Assets ##	53.88%	54.96%
IX Other Short Term Liabilities to Public funds*** ##	71.74%	69.05%

*** Public funds is as defined in Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Direction, 2016.

All the above numbers are excluding notional Ind AS adjustments.

Other short term liabilities include all the financial liabilities maturing within next 12 months. Total liabilities represent all the liabilities excluding equity.

f. Institutional set-up for liquidity risk management:

Centrum Microcredit Ltd. has an Asset Liability Management Committee (ALCO), a management level committee to handle liquidity risk management. The ALCO meetings are held at periodic intervals. At the apex level, the

Management Committee (ManCom), a sub-committee of the Board of Directors of the Company, oversees the liquidity risk management. The ManCom subsequently updates the Board of Directors on the same.

xxvii) Rating assigned by credit rating agencies and migration of ratings during the year

The CARE Ratings has reaffirmed the rating and revised outlook to BBB; Negative (Triple B; Outlook: Negative) towards the Company's long-term facilities during the year.

xxviii) Loans restructured during the year

No loans have been restructured during the year except for the one-time restructuring as mentioned in note xxv above.

51 In accordance with the instructions in the RBI circular dated 07 April 2021, all lending institutions shall refund/adjust 'interest on interest' to all borrowers including those who had availed working capital facilities during the morotorium period, irrespective of whether moratorium had been fully or partially availed, or not availed, pursuant to these instructions, the Indian Banks Association (IBA) in consultation with other industry participants/bodies published the methodology for calculation of the amount of such 'interest on interest'. The Company does not have any borrowers who are eligible for the benefit under the RBI circular and IBA advisory mentioned above.

52 Hon'ble Supreme Court, in a public interest litigation (Gajendra Sharma vs. Union of India & Anr). vide an interim order dated September 3, 2020, has directed that accounts which were not declared NPA till August 31, 2020 shall not be declared as NPA till further orders. However, such accounts had been classified as stage 3 in accordance with Note No. 42 and provision had been made accordingly.

The interim order stood vacated on March 23, 2021 vide the judgement of the Hon'ble Supreme Court in the matter of Small Scale Industrial manufacturers Association v/s UOI & Ors. and other connected matters. In accordance with the instructions in paragraph 5 of the RBI circular no. RBI/2021-22/17 DOR. STR. REC. 4/ 21.04.048/ 2021-22, dated April 07, 2021 issued in this connection. Since, the Company was already classifying the NPA accounts as Stage 3 and provision was made accordingly, without considering the above mentioned asset classification benefit for accounting purpose, therefore there is no change in asset classification on account of the interim order dated March 23, 2021.

53 The Code on Social Security, 2020 (the Code) has been enacted, which would impact contribution by the Company towards Provident Fund and Gratuity. The effective date from which changes are applicable is yet to be notified and the rules thereunder are yet to be announced. The actual impact on account of this change will be evaluated and accounted for when notification becomes effective.

54 The Company had credited an ex-gratia amount of ₹ 311.63 lakh for the payment of difference between the compound interest and simple interest to the accounts of borrowers in specified loan accounts between March 1, 2020 and August 31, 2020 as per the eligibility criteria and other features as mentioned in the notification dated October 23, 2020 issued by Government of India, Ministry of Finance, Department of Financial Services. The Company had filed a claim with the State Bank of India for reimbursement of the said ex-gratia amount as specified in the notification and same was received on March 31, 2021.

55 Asset classification and provisioning disclosure

Disclosure as required under RBI notification no. RBI/2019-20/220 DOR.No.BP.BC.63/21.04.048/2019-20 dated 17 April 2020 on COVID-19 Regulatory Package - Asset Classification and Provisioning.

As at 31 March, 2021

Particulars	₹ (in lakh)
(i) Respective amounts in SMA/overdue categories, where the moratorium/deferment was extended*	3.04
(ii) Respective amount where asset classification benefits is extended**	NIL
(iii) Provisions made during the Q4FY2020 and Q1FY2021	1.24
In respect of accounts in default but standard where moratorium is granted, and asset classification benefit is extended, the Company has made general provisions of not less than 10 per cent of the total outstanding of such accounts as applicable as at 30 September 2020	
(iv) Provisions adjusted during the respective accounting periods against slippages and the residual provisions	NIL

*The Company has extended moratorium to eligible borrowers in terms of COVID 19 RBI Regulatory package mentioned above on monthly basis. However, for above disclosure the outstanding amount as on March 31, 2021 of the accounts which were classified as standard but overdue as on February 29, 2020 to whom moratorium was granted in the month of March 2020 have been considered and provision was required to be made in Q4 FY2020 and Q1 FY2021 as per RBI circular no. RBI/2019-20/220 DOR.No.BP.BC.63/21.04.048/2019-20 dated April 17, 2020.

** There are nil accounts as on March 31, 2021 where the asset classification benefit is extended for cases which were entitled to a moratorium until August 31, 2020, as the asset classification is based on the actual performance of the account post moratorium period is over.

As at 31 March, 2020

Particulars	₹ (in lakh)
(i) Respective amounts in SMA/overdue categories, where the moratorium/deferment was extended*	12.43
(ii) Respective amount where asset classification benefits is extended**	NIL
(iii) Provisions made during the Q4FY2020 and Q1FY2021 In respect of accounts in default but standard where moratorium is granted, and asset classification benefit is extended, the Company has made general provisions of not less than 10 per cent of the total outstanding of such accounts as applicable as at 30 September 2020	1.24
(iv) Provisions adjusted during the respective accounting periods against slippages and the residual provisions	NIL

*The Company has extended moratorium to eligible borrowers in terms of COVID 19 RBI Regulatory package mentioned above on monthly basis. However, for above disclosure the outstanding amount as on March 31, 2021 of the accounts which were classified as standard but overdue as on February 29, 2020 to whom moratorium was granted in the month of March 2020 have been considered and provision was required to be made in Q4 FY2020 and Q1 FY2021 as per RBI circular no. RBI/2019-20/220 DOR.No.BP.BC.63/21.04.048/2019-20 dated April 17, 2020.

** There are nil accounts as on 31st March, 2020 where the asset classification benefit is extended for cases which were entitled to a moratorium until 31st August, 2020, as the asset classification is based on the actual performance of the account post moratorium period is over.

56 Previous year's figures have been regrouped/reclassified wherever necessary, to conform to current year's classification.

As per our report of even date

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

Sumant Sakhardande
Partner
Membership No 034828

Mumbai
03 May, 2021

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

Ranjan Ghosh
Chairman
DIN 07592235

Prashant Thakker
Executive Director & CEO
DIN 07405451

Asit Hemani
Chief Financial Officer

Bhumika Jani
Company Secretary

Mumbai
03 May, 2021

Mumbai
03 May, 2021

57 Schedule to the Balance Sheet of "Centrum Microcredit Limited" (as required in terms of paragraph 19 of Systemically Important Non-Banking Financial (Non- Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2016

Particulars	As at March 31, 2021			As at March 31, 2020		
Liabilities side :	**Amount outstanding**	**Amount overdue**	**Total**	**Amount outstanding**	**Amount overdue**	**Total**
i) Loans and advances availed by the non- banking financial company inclusive of interest accrued thereon but not paid:						
(a) Debentures : Secured	10,954.48	-	10,954.48	10,291.22	-	10,291.22
: Unsecured (Compulsorily Convertible)	2,907.77	-	2,907.77	2,800.00	-	2,800.00
(other than falling within the meaning of public deposits)						
(b) Deferred credits	-	-	-	-	-	-
(c) Term loans	21,734.51	-	21,734.51	27,253.92	-	27,253.92
(d) Inter-corporate loans and borrowing	-	-	-	-	-	-
(e) Commercial paper	975.82	-	975.82	-	-	-
(f) Public deposits	-	-	-	-	-	-
(g) Other loans *	4,555.53	-	4,555.53	3,052.40	-	3,052.40

*Includes subordinated liability, non-convertible redeemable cumulative preference shares, securitisation liability and bank overdraft.

Assets side :	As at March 31, 2021	As at March 31, 2020
	Amount outstanding	**Amount outstanding**
ii) Break-up of loans and advances including bills receivables [other than those included in (iii) below]		
(a) Secured	-	-
(b) Unsecured	43,621.22	44,674.96
Total	**43,621.22**	**44,674.96**
iii) Break up of leased assets and stock on hire and other assets counting towards AFC activities		
(i) Lease assets including lease rentals under sundry debtors:		
(a) Financial lease	-	-
(b) Operating lease - Refer note 5 below	-	-
(ii) Stock on hire including hire charges under sundry debtors:		
(a) Assets on hire	-	-
(b) Repossessed assets	-	-
(iii) Other loans counting towards AFC activities		
(a) Loans where assets have been repossessed	-	-
(b) Loans other than (a) above	-	-

iv) Break-up of investments :		
Current investments :		
1. Quoted		
(i) Shares : (a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and bonds	-	-
(iii) Units of mutual funds	-	-
(iv) Government securities	-	-
(v) Others (please specify)	-	-
2. Unquoted		
(i) Shares : (a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and bonds	-	
(iii) Units of mutual funds	-	-
(iv) Government securities	-	-
(v) Others (security receipts)	-	-

Particulars	As at March 31, 2021	As at March 31, 2020
	Amount outstanding	Amount outstanding
Long term investments :		
1. Quoted		
(i) Shares : (a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and bonds	-	
(iii) Units of mutual funds	-	-
(iv) Government securities	-	-
(v) Others (please specify)	-	-
2. Unquoted		
(i) Shares : (a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and bonds	-	
(iii) Units of mutual funds	-	-
(iv) Government securities	-	-
(v) Others (Investment and investment property)	-	-

v) Borrower group-wise classification of assets financed as in (2) and (3) above:	As at March 31, 2021			As at March 31, 2020		
	Amount net of provision (Refer note 5)			Amount net of provision (Refer note 5)		
Category	**Secured**	**Unsecured**	**Total**	**Secured**	**Unsecured**	**Total**
1. Related Parties						
(a) Subsidiaries	-	-	-	-	-	-
(b) Companies in the same group	-	136.04	136.04	-	1,583.87	1,583.87
2. Other than related parties	-	42,557.47	42,557.47	-	42,735.71	42,735.71
Total	**-**	**42,693.51**	**42,693.51**	**-**	**44,319.58**	**44,319.58**
vi) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted)						
Category	**Market Value / Break up or fair value or NAV**	**Book Value (Net of provisions)**	**Total**	**Market Value / Break up or fair value or NAV**	**Book Value (Net of provisions)**	**Total**
1. Related Parties						
(a) Subsidiaries	-	-	-	-	-	-
(b) Companies in the same group	-	-	-	-	-	-
2. Other than related parties	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**
vii) Other Information						
Particulars	**Amount**		**Total**	**Amount**		**Total**
(i) Gross non- performing assets						
(a) Related parties		-	-		-	-
(b) Other than related parties		396.96	396.96		119.46	119.46
(ii) Net non- performing assets						
(a) Related parties		-	-		-	-
(b) Other than related parties		65.08	65.08		2.12	2.12
(iii) Assets acquired in satisfaction of debt			-			-

Notes:

1. Provisioning is done as per the ECL policy of the Company

The figures are not netted with provision against standard assets as it is not a specific provision.

C NTRUM
micro credit

Centrum Microcredit Limited

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