Navi Finserv Private Limited

Annual Report

FY 2020-21

Contents

Document Title	Page Number
Corporate Overview	01
Statutory Reports	
Directors Report	03
Annexure I - Chaitanya Employee Stock Option Scheme 2017 ("Scheme")	12
Annexure II - Management Discussion and Analysis Report	13
Annexure III - Disclosures required with respect to Section 197(12) of the Companies Act, 2013	15
Annexure IV - Statement Pursuant to Section 129 (3) of Companies Act 2013, Relating to Subsidiary Company	17
Annexure V - AOC-2	18
Annexure VI - Annual Report on CSR Activities to be Included in the Board's Report for Financial Year 2020-21	19
Annexure VII - Secretarial Audit Report for the financial year ended 31st march 2021	22
Financial Statement	
Standalone Financial Statements	26
Consolidated Financial Statements	113
Notice of Annual General Meeting	194

CORPORATE OVERVIEW

Board of Directors

Mr. Sachin Bansal
Non Executive Director

Mr. Ankit Agarwal
Non Executive Director

Ms. Usha A Narayanan
Independent Director

Mr. Sridharan Ranganathan
Independent Director

Mr. Samit S Shetty
Non-Executive Director

Chief Executive Officer

Ms. Riya Bhattacharya

Chief Financial Officer

Mr. L N Gurumoorthy

Company Secretary

Ms. Dimple J Shah

Registered Office Address

No.145, 2nd Floor, NR Square, 1st Main Road, Sirsi Circle, Chamrajpet, Bangalore - 560018[5]

Depository

National Securities Depository Limited
Trade World, A Wing 4th Floor, Kamala Mills Compound, Lower Parel, Mumbai- 400013

Central Depository Services
Marathon Futurex, A-Wing, 25th floor, NM Joshi Marg, Lower Parel, Mumbai 400013

Registrar and Share Transfer Agent

NSDL Database Management Ltd.
4th Floor, Trade World, 'A' wing, Kamala Mills Compound, Lower Parel (west), Mumbai - 400013.

Integrated Enterprises (India) Ltd.
No. 30, Ramana Residency, 4th Cross Sampige Road
Malleshwaram, Bangalore – 560003

Debenture Trustee

Catalyst Trusteeship Limited
Windsor, 6th Floor, Offce No. 604, C.S.T. Road, Kalina, Santacruz (East), Mumbai – 400098 Office: 022-49220555, Fax: 022-49220505 Email: dt.mumbai@ctltrustee.com

Statutory Auditor

Walker Chandiok & Co LLP L-41, Connaught Circus New Delhi - 110001

Secretarial Auditor

Rahul A & Associates,
D-1201, Salarpuria Melody, Nayandahalli, Mysore Road, Bangalore-560039

Bankers

HDFC Bank Ltd

RBL Bank Ltd

Axis Bank Ltd

ICICI Bank Ltd

Kotak Mahindra Bank Ltd

Yes Bank Ltd

[5] The registered office of the Company is changed to Ground Floor, Salarpuria Business Center, 93, 5th A Block, Koramangala Ind Layout with effect from June 24, 2021.

BOARD AND COMMITTEES

Name	Designation
Mr. Sachin Bansal	Non-Executive Director
Mr. Ankit Agarwal	Non-Executive Director
Ms. Usha A Narayanan	Independent Director
Mr. Ranganathan Sridharan	Independent Director
Mr. Samit Shankar Shetty	Non-Executive Director

Name of the Committee	Composition	Category
Audit Committee	Ms. Usha A Narayanan	Chairman
	Mr. Ranganathan Sridharan	Member
	Mr. Samit S Shetty	Member
Risk Management Committee	Mr. Ranganathan Sridharan	Chairman
	Mr. Samit S Shetty	Member
	Mr. Ankit Agarwal	Member
Asset & Liability Committee	Mr. Samit S Shetty	Chairman
	Mr. Ankit Agarwal	Member
	Mr. L N Gurumoorthy	Member
IT Strategy Committee	Mr. Ranganathan Sridharan	Chairman
	Mr. Samit S Shetty	Member
	Mr. Sachin Bansal	Member
Nomination and Remuneration Committee	Ms. Usha A Narayanan	Chairman
	Mr. Ranganathan Sridharan	Member
	Mr. Ankit Agarwal	Member
Finance Committee	Mr. Ankit Agarwal	Chairman
	Mr. Samit S Shetty	Member
Investment Committee	Mr. Ankit Agarwal	Chairman
	Mr. Shobhit Agarwal	Member
Corporate Social Responsibility Committee	Ms. Usha A Narayanan	Chairman
	Mr. Ranganathan Sridharan	Member
	Mr. Samit S Shetty	Member
	Mr. Ankit Agarwal	Member

DIRECTORS REPORT

Dear Members,

It is our immense pleasure to present the Ninth Director's Report of Navi Finserv Private Limited ("**Company**" or "**NFPL**") (formerly known as Chaitanya Rural Intermediation Development Services Private Limited) along with the Standalone and Consolidated Audited Financial Statements for the Financial Year 2020-21. The Consolidated performance of the Company and its subsidiary has been referred to wherever required.

1. COMPANY SPECIFIC INFORMATION

1.1. FINANCIAL SUMMARY AND HIGHLIGHTS

The performance highlights and summarised financial results of the Company are provided below:

(Amount in INR. Lakh)

FINANCIAL SUMMARY AND HIGHLIGHTS	Standalone		Consolidated	
Particulars	**FY 20-21**	**FY 19-20**	**FY 20-21**	**FY 19-20**
Operating Income	33,668.29	7,522.11	56,509.86	24,228.92
Other Income	5.21	0.63	13.68	0.89
Total Income	**33,673.50**	**7,522.74**	**56,523.54**	**24,229.81**
Less Expenditure				
Finance Cost	1,221.23	982.14	8714.94	7,963.00
Impairment of Financial Instruments	13,132.85	767.63	18,361.45	2,785.13
Employee Benefits Expenses	1625.21	346.28	7,446.98	5,682.54
Depreciation, Amortisation and Impairment	33.64	24.37	180.92	178.19
Other Expenses	4521.71	3,857.82	6,164.46	5,362.974
Total Expenses	**20,534.64**	**5,978.24**	**40,868.75**	**21,971.83**
Profit/(Loss) Before Tax	**13,138.86**	**1,544.50**	**15,654.790**	**2,257.989**
Current Tax	5,173.63	1,243.87	6370.09	1,802.10
Deferred Tax	-1,789.02	-671.00	-2531.97	-1,022.75
Profit/(Loss) After Tax	**9,754.25**	**971.63**	**11,816.67**	**1,478.63**
Other comprehensive income	-13.05	3.21	210.57	-49.04
Total comprehensive income for the year	**9,741.21**	**974.84**	**12027.24**	**1,429.59**

Financial Performance Highlights:

1. Total Income increased by 347% to INR 33,673.50 Lakhs (PY 7,522.74). Total income of the company mainly comprises Interest on Loan and Advances disbursed and Income from Treasury operations.

   Income growth during the period was mainly contributed by: -

   a. Growth in Interest income on Loans and Advances and Investment by 162% during the period to INR 19,472.42 lakhs (PY 7,433.41).

   b. Fair valuation gains on Investment transactions amounting to INR 13,868.41 Lakhs (PY Loss of 2,323.11).

2. Total operating expenses excluding fair valuation loss (Employee benefits expenses+Depreciation+Other expenses) increased by 224% to INR 6,180.56 lakhs (PY 1,905.36).

   Major reasons for increase in operating expenses are as follows: -

   a. Other administrative expenses grew by 194% to INR 4,521.71 lakhs (PY 1,534.71). Other administrative Expenditure during the period includes Marketing, software support and customer onboarding and verification.

   b. Increase in Employee benefit expense by 369% to INR 1,625.22 lakhs (PY INR 346.29 lakhs

3. Loan losses and provision grew to INR 13,132.85 Lakhs (PY 767.63)

4. Profit before tax increased by 750% to INR 13,138.86 lakhs (PY 1,544.49)

5. Profit after tax increased by 903% to INR 9,754.25 lakhs (PY 971.62).

   There was an Increase in tax expense by 491% to 3,384.61 (PY 572.87).

6. The Company's Capital adequacy ratio as on 31st March 2021 was 38.04% which continued to be well above the RBI norms.

Key Operational Highlights:

During the year under the review:

1. Given the Company's emphasis on a digital and technology-first approach, the Company decided to shift its focus from traditional Two-wheeler loans and Individual Mortgage Housing Loan ("**Identified Loan Portfolio**") to Digital Lending.

2. The Company had started two new lines of business and launched two new products viz., Digital Personal Loans (in April, 2020) and Digital Housing Loans (in December, 2020)

3. The Digital Personal Loans portfolio of the Company as of March 31, 2021 stands at INR 491.55 Crores.

4. The portfolio quality of Digital Personal Loans as of March 31, 2021 stands at 4.91% of DPD 90.

5. The Digital Housing Loan Portfolio of the Company as of March 31, 2021 stands at INR 3.31 Crores and the Company has opened 3 new branches to support the business operations.

6. The Company had sold and exited the line of business from the Identified Loan Portfolio as of March 31, 2021.

1.2. TRANSFER TO RESERVES

During the year, the Company had transferred 20% of its profits for the year amounting to INR 1,948.24 lakhs (PY INR 194.67 lakhs) to reserves created as per the norms laid down under Section 45-IC of the Reserve Bank of India Act, 1934.

The Company has not transferred any amount to general reserve for the year under consideration.

1.3. DIVIDEND

With a view to conserve capital and given the challenging situation caused due to the outbreak of the COVID-19 pandemic, the Board of Directors did not recommend any dividend on Equity Shares of the Company for the year ended March 31, 2021.

1.4. MAJOR EVENTS THAT OCCURRED DURING THE YEAR

a) State of the Company's Affairs

i. **Segment-wise Position of Business and its Operations:** The Company is primarily engaged in the business of lending which is considered to be the only reportable business segment as per Ind AS 108, Operating Segments. The Company operates exclusively in India and there is no other geographical segment.

ii. **Status of the Company:** The Company is registered with the Reserve Bank of India ("**RBI**") as a Non-Banking Financial Institution . The Company is categorised as a Systemically Important Non-Deposit taking Non-Banking Financial Company ("**ND-SI-NBFC**") and as an NBFC- Investment and Credit Company ("NBFC-ICC").

iii. **Key business developments:** Key business developments during the year are covered under the Management Analysis report.

iv. **Change in the financial year:** There was no change in the Financial Year of the Company for the year under review.

v. **Capital expenditure programmes:** NIL.

vi. **Details and status of acquisition, merger, expansion, modernization and diversification:** NIL.

vii. **Developments, Acquisition and Assignment of material Intellectual Property Rights:** NIL.

viii. **Any other material event having an impact on the affairs of the Company:** NIL.

b) Change in the Nature of Business

During the year under review, the Company shifted its focus from a rural to a more urban / semi-urban consumer base.

In light of the aforesaid shift, the Company has launched a new line of products viz., Digital Personal and Housing Loans focussed on digital lending which has been rolled out and the business from the traditional loan has been exited.

c) Change in the Name of the Company

During the year under review, the name of the Company was changed from "**Chaitanya Rural Intermediation Development Services Private Limited" to "Navi Finserv Private Limited**" as approved by the Central Government with effect from April 22, 2020 after obtaining the no-objection certificate from the Reserve Bank of India("RBI").

d) Material changes and commitments, if any, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the Board's report:

The Country was hit by a "Second COVID wave" largely after March 31st 2021 with daily cases crossing the 1L mark in early April. Subsequently, State Governments have announced state-wise lockdowns and restrictions which had increased the stress on customer finances, as well in the Company's operations pertaining to collections.

On May 5th, 2021, RBI had released a notification, "Resolution Framework – 2.0: Resolution of Covid-19 related stress of Individuals and Small Businesses" to provide relief to certain sections of borrowers. Further, the impact of the COVID-19 pandemic on the financial position of the Company will depend on future developments, including among other things, extent and severity of the pandemic, mitigating actions by governments and regulators, time taken for the economy to recover, etc.

e) Details of Revision of Financial Statement or the Report

During the year under review, the Company has not revised its financial statement or the Report in respect of any of the three preceding financial years either voluntarily or pursuant to the order of a judicial authority.

2. CAPITAL AND DEBT STRUCTURE

2.1. Share Capital

Authorised Share Capital

During the year under review, there was no change in the authorized share capital of the Company.

Issued, Subscribed, Paid-up Share Capital

During the year under review, the Company has issued, and allotted 13,333,333 Equity Shares at Face Value of INR 10 at a premium of INR 65 each on March 26, 2021 on a right issue basis to Navi Technologies Private Limited("**NTPL**") aggregating to a total of INR 99,99,99,975.

Buyback of Equity Shares: During the year under review, the Company has not bought back its Equity Shares.

Issue of Convertible Securities: During the year under review, the Company has not issued any Convertible Securities.

2.2. Issue of equity shares with differential rights

During the year under review, the Company has not issued any Equity shares with differential rights.

2.3. Issue of Sweat Equity Shares

During the year under review, the Company has not issued any Sweat Equity shares during the year.

2.4. Details of Employee Stock Options

During the year under review, the Options granted to Eligible Employees under the Chaitanya Employee Stock Option Scheme 2017 ("**Scheme**") were vested and exercised.

The shares held by CEWT were sold to NTPL and thus NTPL became the 100% holding Company. The said objectives of CEWT were met and aforesaid Scheme was wound up on March 1, 2021

The information pertaining to the Chaitanya Employee Stock Option Plan in terms of Rule 12(9) of the Companies (Share Capital and Debentures) Rules, 2014 is annexed with this report as **Annexure-I**.

2.5. Shares held in trust for the benefit of employees where the voting rights are not exercised directly by the Employees.

During the year under review, there were no instances of non-exercising of voting rights in respect of shares purchased directly by employees under a scheme pursuant to Section 67(3) of the Act read with Rule 16(4) of Companies (Share Capital and Debentures) Rules 2014.

2.6. Issue of Debentures, Bonds or any Non-Convertible securities

During the year under review, the Company has issued Senior Secured Redeemable Principal Protected Market Linked Non-Convertible Debentures on a private placement basis, in various tranches as detailed below:

1. 750 Senior, Secured, Rated, Listed, Redeemable, Taxable Principal Protected Market Linked (PP-MLD) Non-Convertible Debentures aggregating to INR 75,00,00,000 (Rupees Seventy-Five Crores Only) dated November 25, 2020.

2. 469 Senior, Secured, Rated, Listed, Redeemable, Taxable Principal Protected Market Linked (PP-MLD) Non-Convertible Debentures aggregating to INR 46,90,00,000. (Rupees Forty-Six Crores Ninety Lakhs Only) dated December 14, 2020.

3. 1500 Senior, Secured, Rated, Listed, Redeemable, Taxable Principal Protected Market Linked (PP-MLD) Non-Convertible Debentures aggregating to INR 150,00,00,000 (Indian Rupees One Hundred Fifty Crores Only) dated March 16, 2021.

2.7. Issue of warrant

During the year under review, the Company has not issued any warrants by way of preferential allotment, private placement or public issue.

3. CREDIT RATING OF SECURITIES

Your Company believes that its credit rating and strong brand equity enables it to borrow funds at competitive rates. The credit rating details of the Company as on March 31, 2021 were as follows:

Credit Rating	India Ratings & Research Private Limited	Outlook
Principal Protected Non-Convertible Debentures	IND PP-MLD Aemr	Stable
Non-convertible Debentures	IND A	Stable

Credit Rating	CRISIL Limited	Outlook
Long-term Debt Instruments and Bank Loan Facilities	CRISIL A-	Stable

4. CAPITAL ADEQUACY RATIO

As on March 31, 2021, the Capital to Risk Assets Ratio ("**CRAR**") of the Company was 38.04%which is well above the minimum requirement of CRAR of 15% prescribed by the Reserve Bank of India.

Out of the above, Tier I capital adequacy ratio stood at 36.56%. and Tier II capital adequacy ratio stood at 1.48%respectively.

5. CODE OF CONDUCT, TRANSPARENCY & CLIENT PROTECTION

The Company has fully implemented the Reserve Bank of India's Fair Practice Code.

6. INVESTOR EDUCATION AND PROTECTION FUND ("IEPF")

During the year under review, the Company was not required to transfer any amount to the IEPF.

7. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

In accordance with the applicable provisions of the Master Direction issued by the Reserve Bank of India ("**RBI**") and a detailed analysis of the Company's performance is discussed in the Management Discussion and Analysis Report, as **Annexure II**.

8. MANAGEMENT

8.1. Directors and Key Managerial Personnel

Appointment/ Re-appointment and Cessation of Directors of the Company

i). Appointment of Ms. Usha A Narayanan as Independent Director of the Company

Pursuant to the recommendation of the Nomination and Remuneration Committee and on the proposal of the Board of Directors, Ms. Usha A Narayanan was appointed on the Board as Independent Director of the Company for a term of five consecutive years commencing from July 6th, 2020 vide an Ordinary Resolution passed by Members of the Company at the Extraordinary General Meeting on July 6th, 2020.

Ms. Usha is a reputed leader with more than two decades of strong audit, risk and compliance experience with PwC and grew up the ranks to be the 1st woman partner. She has an extensive knowledge of assessing the risks associated as well as internal control requirements for corporates and led several engagements for large Indian listed companies and Indian subsidiaries of multinationals and served on various Boards and Committees (including as a Chairperson of the Audit Committee of Bank of Baroda).

Further, Ms. Usha is also passionate about Social Service and has led projects in the areas of financial inclusion and formation of women Self Help Groups.

ii). Appointment of Mr. Ranganathan Sridharan as Independent Director of the Company

Pursuant to the recommendation of the Nomination and Remuneration Committee and on the proposal of the Board of Directors, Mr. Ranganathan Sridharan was appointed on the Board as Independent Director of the Company for a term of five consecutive years commencing from August 31, 2020 vide an Ordinary Resolution passed by Members of the Company at the Annual General Meeting on August 31, 2020.

Mr. Sridharan is a financial service professional with more than four decades of experience with The Clearing Corporation of India and SBI. Mr. Sridharan is a mature, seasoned, and statured professional who brings approximately five decades of robust General Banking, Markets, Treasury, Finance, and Risk expertise to the table. He had started his career with SBI in 1972 as a Probationary Officer growing to become one of the two Managing Directors of SBI. As

the Managing Director, he was overseeing the operations of the seven Associate Banks of SBI and all the non-banking subsidiaries like SBI Capital Markets Limited, SBI Funds Management Private Limited, SBI Life Insurance Company Limited, SBI DFHI Limited, SBI Global Factors Limited, SBICap Securities Limited, SBI Pension Funds Private Limited, etc. He was onboarded as the MD & CEO for the Clearing Corporation of India (CCIL) in 2012.

iii). Resignation of Mr. Ravi K S & Mr. Nandakumar R as an Independent Director of the Company

During the year under review, Mr. Ravi K S & Mr. Nandakumar R resigned as Independent Director of the Company with effect from August 31, 2020.

iv). Appointment of Mr. Samit S Shetty as Director of the Company

Pursuant to the approval received from Reserve Bank of India on August 28, 2020 for Change in Control and Management of the Company, Mr Samit S Shetty was appointed as Executive Director of the Company vide an Ordinary Resolution passed by Members of the Company at the Extra Ordinary General Meeting on November 04, 2020.

During the year under review, the designation of Mr. Samit S Shetty has been changed from Executive Director to Non- Executive Director with effect from March 01, 2021.

8.2. Key Managerial Personnel

Sl. No.	Name of the Key Managerial Personnel	Date of Appointment/ Resignation	Designation	Date of Appointment/ Resignation
1.	Mr. Samit S Shetty	Appointment	Chief Executive Officer	May 29, 2020
2.	Mr. Samit S Shetty	Resignation	Chief Executive Officer	February 18, 2021
3.	Ms. Riya Bhattacharya	Appointment	Chief Executive Officer	February 18, 2021
4.	Mr. Ankit Agarwal	Appointment	Chief Financial Officer	February 18, 2021
5.	Mr. Ankit Agarwal	Resignation	Chief Financial Officer	March 24, 2021
6.	Mr. L N Gurumoorthy	Appointment	Chief Financial Officer	March 24, 2021

Ms. Riya Bhattacharya, Chief Executive Officer, Mr. L N Gurumoorthy, Chief Financial Officer and Ms. Dimple J Shah, Company Secretary of the Company are the Key Managerial Personnel of the Company (KMP) pursuant to the provisions of Sections 2(51) and 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as on March 31, 2021

8.3. Declaration by Directors

All the Directors of the Company have confirmed that they satisfy the "fit and proper" criteria as prescribed under Chapter XI of RBI Master Direction No. DNBR. PD. 008/ 03.10.119/2016-17 dated 1st September 2016 and are not disqualified from being appointed/ continuing as Directors in terms of section 164(2) of the Companies Act, 2013.

8.4. Declaration by Independent Directors and Statement on Compliance of Code of Conduct

All Independent Directors have submitted the declaration of independence, pursuant to the provisions of Section 149(7) of the Companies Act 2013 stating that they meet the criteria of independence as provided in Section 149(6) of the Act and they are not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact his/her ability to discharge his/ her duties with an objective independent judgment and without any external influence.

In accordance with the provisions of Section 150 of the Act read with the applicable Rules made thereunder, the Independent Directors of the Company have registered themselves in the data bank of Independent Directors maintained by the Indian Institute of Corporate Affairs, Manesar ["IICA"]. The Independent Directors unless exempted, are required to pass an online proficiency self-assessment test conducted by IICA within one year from the date of their registration in the IICA databank.

Pursuant to the above, the Company has received Declarations of compliance under Rules 6(1) and 6(2) of the Companies (Appointment and Qualification of Directors) Rules, 2014, from all the Independent Directors of the Company confirming that they have registered their names in the data bank of Independent Directors maintained with the IICA.

8.5. Performance Evaluation of the Board

Pursuant to the provisions of the Companies Act, 2013, the Board has carried out an annual evaluation of its own performance and that of its committees

as well as performance of the Directors individually (including Independent Directors).

8.6. Policies on Appointment of Directors and Senior Management and Remuneration of Directors, Key Managerial Personnel and Employees

The Company has adopted the Policy on Remuneration of Directors and the Remuneration Policy for Key Managerial Personnel and Employees of the Company in accordance with the provisions of sub-section (4) of Section 178 of the Companies Act 2013 and rules thereof.

The Policy on Remuneration of Directors, as amended, and the Remuneration Policy for Key Managerial Personnel and Employees of the Company can be accessed here on the website of the company.

8.7. Board Meetings

During the year under the review, the Board of Directors has met 9 (Nine) times and the requisite quorum was present for all the Meetings. The maximum time gap between any two Meetings was not more than one hundred and twenty days.

Sl. No.	Date of Board Meeting	No. of Directors Present
1.	29.04.2020	4
2.	11.05.2020	4
3.	29.05.2020	3
4.	30.06.2020	4
5.	24.08.2020	5
6.	29.09.2020	4
7.	19.11.2020	5
8.	18.02.2021	5
9.	24.03.2021	5

8.8. Board Committees

The Company has constituted various Committees in order to comply with the requirements of the relevant provisions of applicable laws and statutes.

Audit Committee

During the year under review, the Audit Committee of your Company was reconstituted on September 21, 2020 and February 18, 2021.

During the year under review, the Committee had met six (6) times on April 18, 2020, June 29, 2020, August 24, 2020, September 29, 2020, November 19, 2020 and February 17, 2021 to deliberate upon various matters and the requisite quorum was present throughout the meeting.

Nomination and Remuneration Committee

During the year under review, the Nomination and Remuneration Committee of your Company was reconstituted on September 21, 2020.

During the year under review, the Committee had met four (4) times on May 29, 2020, June 30, 2020, August 24, 2020 and February 10, 2021 to deliberate upon various matters and the requisite quorum was present throughout the meeting.

Risk Management Committee

The Company has in place the Risk Management Committee in accordance with RBI guidelines on Corporate Governance and during the year under review, the Committee was reconstituted on September 21, 2020.

During the financial year under review, the Committee had met three (3) times on May 29, 2020, September 29, 2020 and February 10, 2021 to deliberate upon various matters and the requisite quorum was present throughout the meeting.

Information Technology Strategy Committee

During the year under review, the IT Strategy Committee of your Company was reconstituted on September 21, 2020.

The Committee had met 2(Two) times on September 29, 2020 and March 26, 2021 to deliberate upon various matters and the requisite quorum was present throughout the meeting.

Asset and Liability Committee

The Company has in place the Asset and Liability Committee in accordance with RBI guidelines on Corporate Governance and during the year under review, the Asset and Liability Committee of your Company was reconstituted on September 21, 2020.

The Committee had met three (3) times on May 29, 2020, September 30, 2020 and March 26, 2021 to deliberate upon various matters and the requisite quorum was present throughout the meeting.

Corporate Social Responsibility Committee

During the year under review, the Company has constituted the Corporate Social Responsibility (CSR) Committee in accordance with the applicable provisions of the Companies Act, 2013 and rules thereof on June 30, 2020 and was further reconstituted on September 21, 2020 and September 29, 2020.

The Committee had met one (1) time on December 22, 2020 to deliberate upon various matters and the requisite quorum was present throughout the meeting.

Finance Committee

During the year under review, the Finance Committee of your Company was reconstituted on September 21, 2020 and November 19, 2020.

The Committee had met Nineteen (19) times on May 04, 2020, June 29, 2020, July 31, 2020, September 16, 2020, October 14, 2020, November 18, 2020, November 25, 2020, November 26, 2020, December 14, 2020, December 17, 2020, December 25, 2020, December 30, 2020, January 25, 2021, February 22, 2021, March 15, 2021, March 17, 2021, March 24, 2021, March 26, 2021 and March 30, 2021 to deliberate upon various matters and the requisite quorum was present throughout the meeting.

Investment Committee

During the year under review, the Company constituted the Investment Committee of the Company on April 29, 2020 and was further reconstituted on September 21, 2020.

The Committee had met four (04) times on June 29, 2020, October 14, 2020, December 01, 2020 and March 24, 2021 to deliberate upon various matters and the requisite quorum was present throughout the meeting.

8.9. Meetings of Independent Directors

During the year under review, the Independent Directors of the Company had met once on March 30, 2021 inter alia to discuss:

- To consider and review the performance of Non-Independent Directors and the Board as a whole;
- To review and assess the quality, quantity and timeliness of flow of information between the Company's Management and the Board that is necessary for the Board to function and perform their duties effectively and reasonably.

All the Independent Directors were present throughout the meeting and the Meeting was conducted in a formal manner without the presence of the Whole-time Directors, the Non-Executive Non-Independent Directors, or any other Management Personnel.

8.10. Recommendations of Audit Committee:

During the year under review, there were no instances where the Board of Directors of the Company did not accept the recommendations of the Audit Committee of the Board of the Company.

8.11. Directors Responsibility Statement

Pursuant to the provisions of Section 134(5) of the Companies Act, 2013, ("the Act") your Directors, based on the representations received from the Operating Management and after due enquiry, confirm that:

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

b) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2021 and of the profit of the Company for that period;

c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

d) The Directors had prepared the annual accounts on a going concern basis.

e) The Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and operating effectively; and

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

8.12. Particulars of Employees and Related Information

Disclosures with respect to the remuneration of Directors, Key Managerial Personnel and Employees as required under Section 197(12) of the Companies Act, 2013 and Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are provided in **Annexure III**.

8.13. Adequacy of Internal Financial Controls with Reference to Financial Statements

The Company has in place adequate Internal Financial Controls with reference to financial statements. During the year under review, such controls were tested and no reportable material weakness in the design or operation were observed.

8.14. Reporting of Frauds by the Auditors

During the period under review, neither the Statutory Auditors nor Secretarial Auditors have reported to the Audit Committee/ Board or Central Government any instances of material fraud in the Company by its Officers or employees under section 143(2) of the Companies Act 2013.

9. VIGIL MECHANISM / WHISTLE BLOWER POLICY

The Company as part of the 'vigil mechanism' has in place a 'Vigil Mechanism and Whistle Blower Policy' to deal with unethical behaviour, mismanagement, instances of actual or suspected fraud, if any and provides safeguards against

victimization of employees who avail the mechanism. The Vigil Mechanism and Whistle Blower Policy has been placed https://www.navifinserv.com/corporate-governance on the website of the Company.

During the year under review, the Company has not received any whistleblower complaint.

10. DISCLOSURES RELATING TO SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

As on March 31, 2021, Chaitanya India Fin Credit Private Limited("**CIFCPL**") was the Wholly Owned Subsidiary of the Company.

A statement containing the salient features of the financial statement of the Wholly Owned Subsidiary Company i.e., of CIFCPL is provided as **Annexure IV**.

Further, the Company does not have any Joint Venture or Associate Companies as on March 31, 2021.

11. CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Financial Statements of the Company and its subsidiary for the Financial Year 2020-21 were prepared in accordance with the relevant provisions of the Companies Act, 2013 and applicable Indian Accounting Standards along with all relevant documents and the Auditors' Report shall form part of the Annual Report.

12. DETAILS OF DEPOSITS

The Company is a non-deposit taking Non-Banking Financial Company ("**ND-NBFC**") and has neither accepted nor renewed any deposits as defined under the Companies Act, 2013 and rules thereof.

13. PARTICULARS OF LOANS, GUARANTEE OR INVESTMENT

During the year under review, the Company has duly complied with the provisions of Section 186 of the Companies Act, 2013 and rules made thereunder.

Further, the details on loans, guarantees or investments made during the financial year are mentioned in the notes to the Financial Statements.

14. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTY TRANSACTION AS PER SEC 188(1) of the Companies Act, 2013.

During the year under review, there were no material significant related party transactions with the Company's Promoters, Directors, Key Managerial Personnel or other designated person which may have potential conflict with the interest of the Company at large.

All the Related Party Transactions entered were on an arm's length basis and in compliance with the applicable provisions of the Act.

In compliance with section 188(1) of the Companies Act, 2013, AOC-2 enclosed as **Annexure- V**. Further, details of Related Party Transactions as required to be disclosed as per Indian Accounting Standard 24 "Related Party Disclosures" specified under section 133 of the Companies Act, 2013 are given in the Notes to the Financial Statements.

15. CORPORATE SOCIAL RESPONSIBILITY

During the year under review, your Company has spent INR 66 lakhs towards Corporate Social Responsibility on the CSR projects/programs and the Company is in compliance with the statutory requirements in this regard.

The Company has made a total contribution of INR 66 lakhs to the Ola Foundation (the "**Foundation**") on March 3, 2021 which is a non-profit foundation dedicated to improving the lives of women, the driver community, and vulnerable groups across the Country. The Foundation strives to leverage data, technology, and business innovation to enable long-term systemic change and build stronger families, stronger communities, and a stronger nation.

The Foundation has spent INR 46.13 lakhs towards "Drive the Driver's Fund"in the month of March 2021 for essential supply distribution and emergency medical support for the driver's community.

The CSR Policy of the Company, duly amended, is hosted on the Company's website https://www.navifinserv.com/corporate-governance.

A brief outline of the CSR Policy and the CSR initiatives undertaken by the Company during the year as prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014 have been appended as "**Annexure VI**" to this Report.

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

The Company has not undertaken any activity relating to conservation of energy and technology absorption and the requirement of disclosure of particulars relating to conservation of energy and technology absorption in terms of Rule 8 of the Companies (Accounts) Rules, 2014 does not arise.

However, the Company has been increasingly using information technology in its operations and promotes conservation of resources. There has been no foreign exchange earnings during the financial year.

Foreign exchange earnings and outgo

(INR in lakhs)

Particulars	FY 2021	FY 2020
Expenditure in foreign currency	23.12	5.01

17. RISK MANAGEMENT

The Company has in place a Risk Management Policy which provides for a robust risk management framework to identify and assess risks such as credit risk, market risk, operational risk, liquidity risk, financial risk, regulatory and other risks. There is an adequate risk management infrastructure in place which is capable of addressing these risks as and when they arise.

18. MATERIAL ORDERS OF JUDICIAL BODIES/ REGULATORS

During the year under review, there were no significant and material orders passed by the Regulators or Courts or Tribunals impacting the going concern status and the Company's operations in the future.

Further, no penalties have been levied by the RBI or any other regulator during the year under review.

19. STATUTORY AUDITORS:

The Company has appointed Walker Chandiok & Co LLP, Chartered Accountants (ICAI FRN001076N /N500013), Bangalore as Statutory Auditors of the Company for period of five years from the conclusion of Seventh Annual General Meeting of the Company held on September 30, 2019 till conclusion of twelfth Annual General Meeting.

Further, the Auditors' Report "with an unmodified opinion", given by the Statutory Auditors on the Financial Statements of the Company for FY 2020-21, is disclosed in the Financial Statements forming part of this Annual Report.

There has been no qualification, reservation, adverse remarks or disclaimer given by the Statutory Auditor in their Report for the year under review.

20. SECRETARIAL AUDITORS

Pursuant to the provisions of Section 204(1) of the Companies Act 2013 read along with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Amendment Rules 2020 and other applicable provisions, if any, of the Companies Act 2013, Mr. Rahul Aggarwal, was appointed as the Secretarial Auditors of the Company for the financial year 2020 - 21.

The Secretarial Audit Report for the FY 2020-21 forms part of the Annual Report as '**Annexure-VII**'.

21. RBI GUIDELINES

The Company is a Non-Deposit Taking Systemically Important Non-Banking Financial Company ("**NBFC-ND-SI**"). The Company has complied with and continues to comply with all the applicable regulations and directions as and when issued by the RBI.

22. OTHER STATUTORY COMPLIANCE:

The Company has complied with all the mandatory regulatory compliances as required under the Companies Act, 2013, Secretarial Standards issued by the Institute of Company Secretaries of India, SEBI Regulations, various tax statutes and other regulatory bodies.

23. EXTRACT OF ANNUAL RETURN

In Pursuant to Section 134 (3) (a) of the Companies Act 2013, annual return referred to in Section 92(3) of the Companies Act, 2013 for the financial year 2020-21 will be uploaded on the website of the Company.

24. DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has adopted a Policy on Prevention, Prohibition and Redressal of Sexual Harassment at the workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules made thereunder. The Policy aims to promote a healthy work environment and to provide protection to employees at the workplace and redress complaints of sexual harassment and related matters thereto. The Company has also constituted an Internal Complaints Committee to enquire into complaints of sexual harassment and recommend appropriate action.

The Company has not received any complaints during the year 2020-21.

25. ACKNOWLEDGEMENTS

Your directors acknowledge the support extended by Reserve Bank of India, Ministry of Corporate Affairs, Registrar of Companies and all other governmental and regulatory authorities for the guidance and support received from them including officials there from time to time.

Your directors also place on record their sincere appreciation for the continued support extended by the Company's stakeholders in large numbers including investors, customers, banks, financial institutions, rating agencies, debenture holders, debenture trustees and well-wishers for their continued support during the year. Your directors place on record their appreciation of the contribution made by the employees of your Company and its subsidiaries at all levels. Your Company's consistent growth was made possible by their hard work, solidarity, cooperation, and support.

By Order of the Board of Directors

Samit S Shetty
Director
DIN: 02573018

Ankit Agarwal
Director
DIN: 08299808

Place: Bangalore
Date: June 24, 2021

Annexure I

Chaitanya Employee Stock Option Scheme 2017 ("Scheme")

Nature of Disclosures	Particulars
Options approved to be issued as ESOPs	5,78,000
Options Granted	5,54,000
Options Vested	5,44,000
Options Exercised	5,44,000
Options Lapsed / Surrendered	10,000
Variation of terms of option	-
Total number of options in force	-
Money realized by exercise of options	-
Details of options granted to Key Managerial Personnel	-
Any other employee who received a grant of Option amounting to 5% or more of Options granted during the period ended 31.03.2021	-
Identified employees who were granted Options, during the period ended 31.03.2021, equal or exceeding 1% of the issued capital of the Company at the time of grant	-
The exercise price of Options	Exercise Price was INR 38 for Options granted on October 13, 2017 Exercise Price was INR 38 for Options granted on March 26, 2019

For **Navi Finserv Private Limited**

Samit S Shetty
Director
DIN: 02573018

Ankit Agarwal
Director
DIN: 08299808

Place: Bangalore
Date: June 24, 2021

ANNEXURE II

Management Discussion and Analysis Report

As NBFCs continue to consolidate, FinTechs have gained significant mindshare, owing to the changes induced by the pandemic and shift to Digital ways of working and transacting. At the higher end, Banks are also building and enhancing Digital capabilities. The imperatives of building substantial cost advantages over traditional models are even more pronounced, primarily by digitising the process of sourcing, processing and collections. NBFCs need to explore newer ways of gaining advantage in sourcing, processing, risk assessment and collections.

Opportunities

1. Digital first operating model enabled the Company to be operational and achieve product-market fit at a time when most lenders stopped lending due to restrictions borne out of traditional models (feet-on-street, physical meetings)

2. Prolonged lockdowns and COVID measures have accelerated the pace of Digitization and adoption rates by customers. Several commentators have opined that COVID has helped enable multiple years' of Digital evolution in months. This has broadened opportunities to substantially reduce the cost of operations and cost of collections

3. Account Aggregator license being issued and setting up the mechanism of AAs would help newer generation NBFCs to access Customer Data in a cost-efficient way.

4. Access to Equity and Debt Funding at a scale comparable to the largest NBFCs at a time when access to funds is scarce for all NBFCs in the country is the biggest opportunity that is available for the organisation in the short term.

Threats

1. Deterioration in the Economic environment and income generating opportunities can cause stress in the portfolio quality due to the pandemic, esp. with the threat of 3rd and subsequent waves.

2. Regulatory changes could threaten the Company's digital operating model.

3. External, one-off incidents like proliferation of fraud Digital lenders and oppressive collection practices negatively impact perception of Digital lending apps

4. Negative Reinforcement of poor credit behaviour due to moratoriums and restructuring allowances has an impact on the long-term credit quality of retail assets.

Product Wise Performance

Digital personal Loan	FY 21	FY 20	Change
POS(Cr.)	491.6	0.0	-
PAR 90 Amt (Cr.)	23.9	0.0	-
PAR 90%	4.9%	0.0	-
Interest Income & LPF (Cr.)	60.30	0.0	-

Housing Loan	FY 21	FY 20	Change
POS(Cr.)	3.3	0.0	-
PAR 90 Amt (Cr.)	0.0	0.0	-
PAR 90%	0.0	0.0	-
Interest Income & LPF (Cr.)	0.01	0.0	-

A)

Two-wheeler Loans	FY 21	FY 20	Change
POS(Cr.)	0.00	57.76	100%
PAR 90 Amt (Cr.)	0.00	1.040.80	100%
PAR 90%	1.8%	2.1%	100%
Interest Income & LPF (Cr.)	9.51	15.7811.4	40%

B) Individual Mortgage Housing Loans

Individual Mortgage Loans	FY 21	FY 20	Change
POS(Cr.)	1.9	11.9	84.0%
Customer/Branch			
PAR 30 Amt. (Cr.)			
PAR 90 Amt. (Cr.)	1.9	0.5	304.8%
PAR 90 % of POS	100.0%	4.0%	2400%
Interest Income (Cr.)	2.64	3.2	17.7%

Outlook of Business

The past financial year has truly been unprecedented – the pandemic putting a halt to economic activity, moratorium announced by RBI and then stimulus announced by the government – all have contributed to large scale shifts in the way of doing things across businesses. For the Company, thanks to a digital-first model, operations were less impacted, but nonetheless we did see impact on collections and issues with our customers struggling to meet their financial obligations.

With achieving a product-market fit for our personal loans product (launched in Apr 2020) and launch of our new housing product (launched in Dec 2020)" we now have stellar products in both the secured and unsecured lending space, rounding out key customer needs. Continued stress in other NBFCs and Fintech lenders translates to a positive growth outlook for Navi Finserv. Continued disruption in jobs and businesses due to subsequent waves could however disrupt this growth opportunity and turn it into an asset quality crisis and hence the economic situation has to be closely monitored as we progress on capitalising this opportunity.

Risks and Concerns

1. Economic slowdown due to COVID-19 related lockdowns, fall in business activity impacting self-employed customers, rise in unemployment and increasing health risk impact credit obligations of otherwise good quality borrowers.

2. Risk of moratorium announcements could create moral hazard even amongst borrowers who may postpone their obligations.

3. Increased health risks and lockdowns impacting productivity of employees is a concern.

4. Increased leverage in the customer's base as incomes stagnate is a concern.

5. Reduction in purchasing power of potential borrowers can impact sales of high-ticket items and housing which will impact sales of the Company

Internal Control and their Adequacies

a) The Financial Controls and risk control metrics for the company is commensurate to the size and scope of the operations.

b) In existing businesses as the company de-couples from the branch and operating infrastructure of its subsidiary CIFCPL, there is a need to build operations audit capabilities to ensure that the transaction and documentation fidelity is maintained.

c) In digital personal loans controls on ensuring validity of customer addresses, customer KYC and Banks accounts are mostly automated or in the process of being automated.

d) In the financial year 2020-21, a number of digital fraud detection mechanisms using AI algorithms will be put in place to enhance Internal Controls.

e) A high-quality Information Systems Audit checking the quality of data stored is proposed to be done periodically.

Material Development in HR

The Company emphasizes and nurtures the values of the Company, namely Customer centricity, Long term focus, Ownership mindset and Bias for Action, with a focus on meritocracy, respect, transparency and learning. The Company had conducted several trainings for all levels of employees during the year.

Significant changes have been made to the operating model and organizational structure of the Company, with a focus on scaling operations and making the Company more self-sufficient

a. The Company had appointed Ms. Riya Bhattacharya as Chief Executive Officer ("**CEO**") in February 2021.

b. The Company had appointed Mr. L N Gurumoorthy as Chief Financial Officer ("**CFO**") in March 2021.

c. Various key positions to manage Risk, Fraud and other key functions in the company were opened, and key hires have been onboarded.

d. The number of employees stands at 216 as of March 2021

The Company is ensuring to provide a work environment to all the employees considering the current pandemic COVID-19 situation which is not only safe and harmonious but also enables employees to instil a sense of positivity. We have an Employee Assistance Program which employees of all levels can avail for mental health counselling in these trying times. The Company also conducted a vaccination drive in June 2021

ANNEXURE III

Disclosures required with respect to Section 197(12) of the Companies Act, 2013

The ratio of the remuneration of each director to the median employee's remuneration ("**MRE**") and such other details in terms of Section 197(12) read with Rule 5 (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Remuneration paid to Whole Time Directors

Name	Designation	% Increase/Decrease of remuneration in 2021	Ratio of remuneration to MRE
Samit S Shetty[1]	Director		45.18

Remuneration to Non-Executive Directors: NIL

Remuneration to other Key Managerial Personnel (KMP)

Name	Designation	% Increase/Decrease of remuneration in 2021	Ratio of remuneration to MRE*
Dimple J Shah	Company Secretary	39%	8.73
L N Gurumoorthy	Chief Financial Officer	-	-
Riya Bhattacharya	Chief Executive Officer	-	-
Ankit Agarwal	Chief Financial Officer	-	-
Samit Shetty[1]	Chief Executive Officer	45%	45.18

*[1]Mr. Shetty was appointed as CEO on May 29 2020 and have resigned with effective from February 18, 2021.
Mr. Samit S Shetty was appointed on November 4, 2020 as executive director, however Mr. Shetty stepped down from the executive position on March 1, 2021

1. **The ratio of remuneration of each director to the median remuneration (MRE) of the employees of the Company for the financial year.**

   The MRE of the employees of the Company during the year ended March 31, 2021 was INR. 1,41,400 per annum. The details are laid out in the tables above.

   The remuneration of the Non-Executive Directors comprises only sitting fees paid to them for attending the meetings of the Board and other committee meetings. Hence, the percentage increase of their remuneration has not been considered for the above purpose.

2. **The percentage increase in remuneration of each director and KMP in the financial year**

   The percentage increase is mentioned in the tables above.

3. **The percentage increase in median remuneration of the employees in the financial year**

   The percentage increase in the median remuneration of the employees was 21%.

4. **Number of Permanent employees on the rolls of the Company**

   As on March 31, 2021, the Company had 216 permanent employees on the rolls of the Company.

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

   Average percentile increase in the remuneration for all employees other than managerial personnel was 36%, while the average increase in the managerial remuneration was 42%.

6. **Affirmation that the remuneration is as per the remuneration policy of the Company**

   We affirm that the remuneration paid is as per the remuneration policy of the Company.

Information as per Rule 5 of Chapter XIII, the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 Top 10 employees in terms of remuneration drawn during the year

Name	Designation	Remuneration received (in INR)	nature of employment, whether contractual or otherwise	qualifications and experience of the employee;	date of commencement of employment;	the age of such employee;	the last employment held by such employee before joining the company;	the percentage of equity shares held by the employee in the company	whether any such employee is a relative of any director or manager of the company
Shobhit Agarwal	VP - Treasury	1,49,48,670	Permanent	CA	01-Jun-20	38	Navi Technologies Private Limited	NA	NA
Riya Bhattacharya**	CEO	15,95,100	Permanent	PGDM	18-Feb-21	37	Navi Technologies Private Limited	NA	NA
Mahak Khabia	Director – Treasury (Internal)	3,36,63,189	Permanent	CFA	01-Jun-20	36	SBI Mutual Fund	NA	NA
Samit S Shetty*	CEO	63,88,150	Permanent	PGDM	01-Jul-20	46	Chaitanya India Fin Credit Private Limited (Promoter and co-founder)	NA	NA

* Resigned as Chief Executive Officer ("CEO") on Feb 18, 2021

** Appointed as Chief Executive Officer ("CEO") on Feb 18, 2021

For **Navi Finserv Private Limited**

Samit S Shetty
Director
DIN: 02573018

Ankit Agarwal
Director
DIN: 08299808

Place: Bangalore
Date: June 24, 2021

Annexure IV

STATEMENT PURSUANT TO SEC 129 (3) OF COMPANIES ACT 2013, RELATING TO SUBSIDIARY COMPANY

As on Financial Year ended on 31.03.2021.

Name of Subsidiary Company: CHAITANYA INDIA FIN CREDIT PRIVATE LIMITED

Date of becoming Subsidiary Company: 12.11.2014

	(INR in Lakhs)
Reporting period for the subsidiary concerned, if different from the holding company's reporting period	No
Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries.	NA
Share capital	10,350
Reserves & surplus	24,473
Total assets	143,292
Total Liabilities	108,469
Investments	18,090
Turnover	23,366
Profit before taxation	2,516
Provision for taxation	454
Profit after taxation	2,063
Other comprehensive income	223
Total Income	2286

Notes:

1. Names of subsidiaries which are yet to commence operations: None
2. Names of subsidiaries which have been liquidated or sold during the year: None

For **Navi Finserv Private Limited**

Samit S Shetty
Director
DIN: 02573018

Ankit Agarwal
Director
DIN: 08299808

Place: Bangalore
Date: June 24, 2021

ANNEXURE V

AOC-2

(Pursuant to clause (h) sub-section of (3) of Section 134 of the Act and Rule 8 (2) of the Companies (Accounts) Rules, 2014)

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

1. Details of Contracts or Arrangement or Transaction not at Arm's Length Basis:

There were no contracts / arrangements entered into by the company with the related parties referred to in section (1) of Section 188 of the Companies Act, 2013 which were not at arm's length basis during the year ended 31st March, 2021.

2. Details of Contracts or Arrangement or Transaction at Arm's Length Basis:

Name of the related party and nature of relationship	Chaitanya India Fin Credit Private Limited	Navi Technologies Private Limited	Navi General Insurance Private Limited
Nature of contracts/ arrangements/ Transactions	Service agreement	Service outsourcing agreement	Memorandum of Understanding ("MOU")
Duration of the contracts/ arrangements/ Transactions	3 months	6 years	As per mutual understanding
Salient terms of the contracts/ arrangements/ Transactions including the value, if any	Following services are covered as per the terms of the agreement:- 1) Field operational Support 2) Risk, MIS and analytical support 3) Collections support 4) Information technology support	Following services are covered as per the terms of the agreement:- 1) Development & maintenance of core systems 2) Data and analytics 3) Other information technology services 4) Cyber security 5) Disaster recovery 6) Right to use hardware 7) Any other support services	Insurance services facility to the customers of the Company
Date of approval by the Board/ committee, if any	August 24, 2020	September 29, 2020	August 24, 2020
Amount paid as advance, if any (INR in Lakhs)	0	0	56

For **Navi Finserv Private Limited**

Samit S Shetty
Director
DIN: 02573018

Ankit Agarwal
Director
DIN: 08299808

Place: Bangalore
Date: June 24, 2021

ANNEXURE VI

ANNUAL REPORT ON CSR ACTIVITIES TO BE INCLUDED IN THE BOARD'S REPORT FOR FINANCIAL YEAR 2020-21

1. Brief outline on CSR Policy of the Company.

Navi Finserv Private Limited recognizes that the Company's contributions to Corporate Social Responsibility (CSR) is an opportunity to improve the lives of individuals and communities that are traditionally underserved or economically underprivileged.

2. Composition of CSR Committee:

Sl. No.	Name of Director	Designation/ Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Ms. Usha A Narayanan	Independent Director	1	1
2	Mr. Ranganathan Sridharan	Independent Director	1	1
3	Mr. Samit S Shetty	Non-executive Director	1	1
4	Mr. Ankit Agarwal	Non-executive Director	1	1

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.:

The Company CSR Policy has been uploaded on the website of the Company which contains the details of the Composition of CSR committee and CSR projects approved by the Board and the web link can be accessed https://www.navifinserv.com/corporate-governance.

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).

Impact assessment of CSR projects is not applicable as the Company's average CSR obligation in the three immediately preceding financial years does not exceed ten crore rupees or more and there are no CSR projects having outlays of one crore rupees or more.

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)
		NIL	

6. Average net profit of the company as per section 135(5).

Particulars	Amount (in Lakhs)
Profit/(Loss) – 2017-18	293.45
Profit/(Loss) – 2018-19	107.23
Profit/(Loss) – 2019-20	3,727.56
Average PROFIT for CSR purpose	**1376.08**

7. (a) Two percent of average net profit of the company as per section 135(5)

Particulars	Amount (in Lakhs)
2% of average Profit/Loss for last three years *	27.52

* Prescribed CSR Expenditure

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years. **NIL**

(c) Amount required to be set off for the financial year, if any : **NIL**

(d) Total CSR obligation for the financial year (7a+7b- 7c). **INR 27.52 lakhs**

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

Particulars	Amount Unspent (in Lakhs)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount.	Date of transfer.	Name of the Fund	Amount.	Date of transfer.
66	-	-	-	-	-

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

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

(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 lakhs Rs.).	Mode of implementation on - Direct (Yes/No).	Mode of implementation Through implementing agency.	
				State.	District.			Name.	CSR registration number.
1.	Drive the Driver Fund	(i), (xii)	Yes	PAN India		66	No	Ola Foundation	CSR00002793
	TOTAL					**66**			

(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 66 lakhs**

(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)	27.52
(ii)	Total amount spent for the Financial Year	66
(iii)	Excess amount spent for the financial year [(ii)-(i)]	38.48
(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 [(iii)-(iv)]	38.48

9. (a) Details of Unspent CSR amount for the preceding three financial years: NIL

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

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). NIL

(a) Date of creation or acquisition of the capital asset(s). **None**

(b) Amount of CSR spent for creation or acquisition of capital asset. **NIL**

(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc. **Not Applicable**

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

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

Riya Bhattacharya
Chief Executive Officer

Usha A Narayanan
Chairman CSR Committee

Annexure VII

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31STMARCH 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
NAVI FINSERV PRIVATE LIMITED
(formerly known as CHAITANYA RURAL INTERMEDIATION DEVELOPMENT SERVICES PRIVATE LIMITED)
CIN: U65923KA2012PTC062537
Regd. Office: No.145, 2nd Floor, NR Square, 1st Main Road, Sirsi Circle, Chamrajpet, Bangalore, Karnataka, India- 60018

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **NAVI FINSERV PRIVATE LIMITED** (hereinafter called the "Company") (CIN: U65923KA2012PTC062537). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2021, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on, 31st March, 2021 according to the provisions of:

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

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;

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

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011(**Not applicable during the audit period**);

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations,2015;

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations,2009/2018; (**Not applicable during the audit period**);

(d) Securities and Exchange Board of India (Shares Based Employee Benefits) Regulations, 2014; (Not applicable during the audit period);

(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;

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (**Not applicable during the audit period**) and

(h) The Securities and Exchange Board of India (Buy-back of Securities) Regulations, 1998/2018 (**Not applicable during the audit period**).

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

(i) Secretarial Standards issued by The Institute of Company Secretaries of India.

(ii) The Securities and Exchange Board of India (Listing obligations and disclosure Requirements) Regulation 2015 (LODR Regulations) .

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

We further report that, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with the following laws / guidelines/rules applicable specifically to the Company:

(i) NBFC Regulations;

(ii) Guidelines issued by RBI; and

(iii) Order/Regulations issued by the Govt. of India from time to time

We further report that:

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

Adequate notice 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. Further, the Company has sought and obtained shorter notice consent of the Directors wherever applicable and Independent Directors were duly present at such Meetings.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

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

We further report that during the audit period there are no events/actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards have taken place.

For Rahul A & Associates
Practicing Company Secretaries

Place: Bengaluru
Date: 24/06/2021

CS Rahul Aggarwal
Proprietor
ACS No. 42939; CP No.19315
UDIN : A042939C000510331

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'

To
The Members
NAVI FINSERV PRIVATE LIMITED
(formerly known as CHAITANYA RURAL INTERMEDIATION
DEVELOPMENT SERVICES PRIVATE LIMITED)
CIN: U65923KA2012PTC062537
Regd. Office: No.145, 2nd Floor, NR Square, 1st Main Road,
Sirsi Circle, Chamrajpet, Bangalore, Karnataka, India- 60018

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

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

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

(3) We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.

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

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

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

For Rahul A & Associates
Practicing Company Secretaries

Place: Bengaluru
Date: 24/06/2021

CS Rahul Aggarwal
Proprietor
ACS No. 42939; CP No.19315
UDIN : 21105117AAAAE9774

Financial Statements

Independent Auditor's Report

To the Members of Navi Finserv Private Limited (formerly known as Chaitanya Rural Intermediation Development Services Private Limited)

Report on the Audit of the Standalone Financial Statements

Opinion

1. We have audited the accompanying standalone financial statements of Navi Finserv Private Limited (formerly known as Chaitanya Rural Intermediation Development Services Private Limited) ('the Company'), which comprise the Balance Sheet as at 31 March 2021, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement, the Statement of Changes in Equity for the year then ended and a summary of the significant accounting policies and other explanatory information.

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

Basis for Opinion

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

Emphasis of Matter

4. We draw attention to Note 3 of the accompanying standalone financial statements, which describes the uncertainty relating to the effects of Covid-19 pandemic on the Company's operations and the impact on the impairment provision recognized towards the unquoted investments outstanding as at 31 March 2021.

   Our opinion is not modified in respect of this matter.

Key Audit Matters

5. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone 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 matters described below to be the key audit matters to be communicated in our report.

Information Technology (IT) environment and modifications to the IT environment affecting financial reporting process

Key audit matter	How our audit addressed the key audit matter
The Company is highly dependent on its information technology (IT) systems for carrying on its operations which require large volume of transactions to be processed on a daily basis. Further, the Company's accounting and financial reporting processes are dependent on the automated controls enabled by IT systems which impacts key financial accounting and reporting items such as loans, interest income, provision on loans, amongst others. The controls implemented by the Company in its IT environment determine the integrity, accuracy, completeness and validity of data that is processed by the applications and is ultimately used for financial reporting.	We included auditor's experts as part of our audit team to perform audit procedures which included, but were not limited to the following: • Obtained an understanding of the Company's IT related control environment and conducted risk assessment and identified IT applications, databases and operating systems that are relevant to our audit. • Obtained an understanding of the implementation process followed for new LMS implemented by the Company during the year and evaluated the controls established by the management for such system implementation activity to ensure the implementation activity has been completed appropriately;

Key audit matter	How our audit addressed the key audit matter
Modifications to IT environment During the year ended 31 March 2021, the Company has migrated to Oracle ERP system from the erstwhile system Tally, for its operations and financial reporting purposes. Also, the Company has implemented and started using a new Loan Management System (LMS) from the current year for the new loan products launched by it during the year for processing and recording loan transactions. Such significant migration in IT systems including use of new IT systems increases the risk to the internal financial controls environment. These changes trigger a financial reporting risk as controls and processes that have been established over a number of years are updated and migrated into a new environment which includes new system controls and processes being designed and implemented for the above change in IT systems including controls around system integration. Our areas of audit focus included user access management, developer access to the production environment and data migration testing, changes to the IT environment across applications, networks, database and operating systems. Further, we also focused on key automated controls relevant for financial reporting. Accordingly, since our audit strategy included focus on key IT systems and automated controls along with testing of the data migration activity and implementation of new systems, due to pervasive impact on the financial statements; we have determined the same as a key audit matter for current year audit.	• Tested the design and operating effectiveness of the Company's IT controls over the IT applications as identified above; • Evaluated the management's process for modifications to the IT systems including those modifications made post the implementation of the IT systems which also included understanding around monitoring and aurhotisation of such modifications. Tested such changes made to IT systems that had a significant impact on financial reporting; • With regards to the data migration activity carried out by the Company during the current year ended 31 March 2021 for the new ERP system, we performed the following procedures: a. Obtained an understanding of the Company's migration process, b. Evaluated the controls established by the management for the migration activity to ensure the activity has been completed appropriately, c. Understood the data cleansing process undertaken by the management prior to migration and tested the data migration, including associated reconciliations. d. Verified that the pre-migration and post migration reports, for example, appropriate approvals of trial balance by the respective authorized personnel from the Operations and Finance teams, along with the personnel from conversion team, e. Obtained the exception reports generated during data migration procedure and ensured that the exceptions, if any, have been rectified and necessary sign off was obtained by the management. • Tested IT general controls particularly, logical access, changes management and aspects of IT operational controls. Tested that, requests for access to systems were appropriately reviewed and authorized; tested controls around Company's periodic review of access rights; inspected requests of changes to systems for appropriate approval and authorization. • Tested related system interfaces/system integrations including relevant approvals, configurations and other application layer controls identified during out audit and report logic for system generated reports relevant to the audit mainly for loans, interest income and impairment of loan assets for evaluating completeness and accuracy; • Where deficiencies were identified, tested compensating controls or performed alternative procedures.

Impairment losses on loan portfolio including implementation of COVID-19 related measures

As at 31 March 2021, the Company has reported gross loan assets of ₹ 62,606.32 lakhs against which an impairment allowance of ₹ 9,671.39 lakhs has been recorded. Refer note 4.8 of significant accounting policies, note 8 for the outstanding loan assets and note 48.1 of the financial statements for credit risk disclosures.

Key audit matter	How our audit addressed the key audit matter
The calculation of impairment losses on loans is complex and is based on application of significant management judgement and use of different modelling techniques and assumptions which could have a material impact on reported profits. The Company has applied a three-stage approach based on changes in credit quality to measure expected credit loss on loans which is as follows: • If the loan is not credit-impaired on initial recognition then it is classified in 'Stage 1' and its credit risk is continuously monitored by the Company i.e. the default in repayment is within the range of 0 to 30 days. • If a significant increase in credit risk ('SICR') since initial recognition is identified, it is moved to 'Stage 2' but is not yet deemed to be credit-impaired i.e. the default in repayment is within the range of 31 to 89 days. • If the loan is credit-impaired, it is then moved to 'Stage 3' i.e. the default in repayment is more than 89 days. 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. Significant management judgement in measuring ECL is required with respect to: • determining the criteria for SICR • factoring in future macro-economic assumptions • techniques used to determine probability of default and loss given default. The ECL for the respective stages has been derived basis the Company's internally developed statistical models including that developed for new loan products launched during the year, historical data, collections trends post reporting date and industrywide stress. Implementation of COVID-19 related measures During the current year, the RBI has announced various relief measures for the borrowers which were implemented by the Company such as "COVID 19 Regulatory Package-Asset Classification and Provisioning" announced by the RBI on 27 March 2020, 17 April 2020 and 23 May 2020 and RBI circular on "Asset Classification and Income Recognition following the expiry of Covid-19 regulatory package" dated 07 April 2021 (collectively referred to as 'the RBI circulars'), which has been collectively considered by the management in identification and provisioning of NPAs. On the basis of an estimate made by the management, an additional provision amounting to ₹ 1,274.88 lakhs has been recognised by the Company as at 31 March 2021 on account of increase in default risk due to the impact of COVID-19 on recoverability of loans of the Company.	Our audit focused on assessing the appropriateness of management's judgment and estimates used in the impairment analysis through the following procedures: • Evaluated the Company's accounting policies for estimation of expected credit loss on loans in accordance with Ind AS 109. • Obtained an understanding of the modelling techniques adopted by the Company including the key inputs and assumptions for existing and new loan products. Since modelling assumptions and parameters are based on historical data, we assessed whether historical experience was representative of current circumstances and was relevant in view of the recent impairment losses incurred within the portfolios; • Assessed and tested the design and operating effectiveness of the key controls over the completeness and accuracy of the key inputs and assumptions considered for calculation, recording and monitoring of the impairment loss recognized. Also, evaluated the controls over the modelling process, validation of data and related approvals; • Obtained the policy on moratorium of loans approved by the Board of Directors pursuant to the RBI circular and ensured whether such policy was in accordance with the RBI circular. • With respect to the management's assessment for the requirement of additional provisions to be made or not to be made on account of the impact of the COVID-19 pandemic, we understood and challenged evaluated the underlying assumptions used by the Company for such estimate by considering our understanding of the risk profiles of the customers of the Company. • Evaluated the appropriateness of the Company's determination of significant increase in credit risk ('SICR') in accordance with the applicable accounting standard considering impact of COVID-19 and moratorium announced in the RBI circular and the basis for classification of various exposures into various stages. For a sample of exposures, we also tested the appropriateness of the Company's categorization across various stages; • Assessed the critical assumptions and inputs used in the model which amongst others included testing the collection trends of the portfolio and ensuring consistency of assumptions with other relevant publicly available macro economic factors pertaining to impact of COVID-19. For forward looking assumptions used by the

Key audit matter	How our audit addressed the key audit matter
The basis of estimates and assumptions involved in arriving at the additional provisions are monitored by the Company periodically and significantly depend on future developments in the economy due to COVID-19 including any new relief measures' announcements by the RBI. Considering the significance of the above matter to the overall financial statements, additional complexities involved in the current year on account of ongoing impact of COVID-19, launch of new loan product and extent of management's estimates and judgements involved, it required significant auditor attention. Accordingly, we have identified this as a key audit matter for current year audit. We also draw attention to Note 3 of the accompanying standalone financial statements, regarding uncertainties involved and on the appropriateness of impairment losses provided on the above mentioned loan assets as on 31 March 2021, as the same is fundamental to the understanding of the users of financial statements.	management in its ECL calculations, we held discussions with management and corroborated the assumptions using publicly available information. • Performed a critical assessment of assumptions including management's assessment of the impact of COVID-19 on these assumptions, moratorium facility availed by the customers and input data used in the estimation of expected credit loss models for specific key credit risk parameters, such as the transfer logic between stages, probability of default (PD) or loss given default (LGD); • Performed an assessment of the adequacy of the credit losses expected within 12 months by reference to credit losses actually incurred on similar portfolios historically; • Obtained written representations from management on whether they believe significant assumptions used in calculation of expected credit losses are reasonable. Assessed the appropriateness and adequacy of the related presentation and disclosures of note 48 "Financial risk management" disclosed in the financial statements in accordance with the applicable accounting standards.

Information other than the Financial Statements and Auditor's Report thereon

6. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's Report ('Other information') but does not include the standalone financial statements and our auditor's report thereon. The other information is expected to be made available to us after the date of this auditor's report.

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

8. In connection with our audit of the standalone 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 standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

9. When we read the Other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

10. The accompanying standalone financial statements have been approved by the Company's Board of Directors. 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 standalone 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 the Ind AS specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

11. In preparing the standalone 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

13. Our objectives are to obtain reasonable assurance about whether the standalone 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 Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

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

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

15. 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.

16. 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.

17. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our 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

18. Based on our audit, we report that the provisions of section 197 read with Schedule V to the Act are not applicable to the Company since the Company is not a public company as defined under section 2(71) of the Act. Accordingly, reporting under section 197(16) is not applicable.

19. 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 the Annexure I a statement on the matters specified in paragraphs 3 and 4 of the Order.

20. Further to our comments in Annexure I, as required by section 143(3) of the Act, based on our audit, we report, to the extent applicable, that:

    a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the accompanying standalone financial statements;

    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 standalone financial statements dealt with by this report are in agreement with the books of account;

d) in our opinion, the aforesaid standalone financial statements comply with Ind AS specified under section 133 of the Act;

e) on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2021 from being appointed as a director in terms of section 164(2) of the Act;

f) we have also audited the internal financial controls with reference to standalone financial statements of the Company as on 31 March 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date and our report dated 24 June 2021 as per Annexure II expressed an unmodified opinion; and

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

   i. the Company, as detailed in note 45(A) to the standalone financial statements, has disclosed the impact of pending litigation on its financial position as at 31 March 2021;

   ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2021;

   iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31 March 2021; and

   iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016, which are not relevant to these standalone financial statements. Hence, reporting under this clause is not applicable.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Manish Gujral
Partner
Membership No.: 105117
UDIN: 21105117AAAAEA9774

Place: Mumbai
Date: 24 June 2021

Annexure I to the Independent Auditor's Report of even date to the members of Navi Finserv Private Limited (formerly known as Chaitanya Rural Intermediation Development Services Private Limited), on the standalone financial statements for the year ended 31 March 2021

Based on the audit procedures performed for the purpose of reporting a true and fair view on the standalone 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, and to the best of our knowledge and belief, we report that:

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

(b) The fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the fixed assets 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 'fixed assets'). Accordingly, the provisions of clause 3(i)(c) of the Order are not applicable.

(ii) The Company is a Non-Banking Financial Company (NBFC), primarily engaged in the business of investing and lending and does not hold any inventory. Accordingly, the provisions of clause 3(ii) of the Order are not applicable.

(iii) The Company has granted one interest free unsecured loan and another interest-bearing unsecured loan to companies covered in the register maintained under Section 189 of the Act; ¬¬¬and with respect to the same:

(a) in our opinion the terms and conditions of grant of such loans are not, prima facie, prejudicial to the Company's interest;

(b) the schedule of repayment of principal and payment of interest has been stipulated and the repayment/ receipts of the principal amount and the interest where applicable, are regular; and

(c) there is no overdue amount in respect of loans granted to such companies.

(iv) In our opinion, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of loans and investments. Further, in our opinion, the Company has not entered into any transaction covered under Section 185 and Section 186 of the Act in respect of guarantees and security.

(v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) The Central Government has not specified maintenance of costs records under sub-section (1) of Section 148 of the Act, in respect of Company's services. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.

(vii) (a) The Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, goods and services tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, to the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.

(b) The dues outstanding in respect of income-tax on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (₹)	Amount paid under Protest (₹)	Period to which the amount relates	Forum where dispute is pending
Income tax Act, 1961	Income tax	10,318,960	2,059,208	FY 2014-15	Commissioner of Income Tax - Bangalore
Income tax Act, 1961	Income tax	704,458	-	FY 2016-17	Commissioner of Income Tax - Bangalore

(viii) The Company has not defaulted in repayment of loans or borrowings to any financial institution or any dues to debenture-holders or any bank during the year. The Company did not have any outstanding loans or borrowings from a government during the year.

(ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments). In our opinion, the term loans were applied for the purposes for which the loans were obtained, though idle/surplus funds which were not required for immediate utilisation have been invested in liquid investments, payable on demand.

(x) No fraud by the Company or on the Company by the officers and employees of the Company has been noticed or reported during the period covered by our audit.

(xi) The provisions of Section 197 of the Act read with Schedule V to the Act are not applicable to the Company since the Company is not a public company as defined under Section 2(71) of the Act. Accordingly, provisions of clause 3(xi) of the Order are not applicable.

(xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.

(xiii) In our opinion all transactions with the related parties are in compliance with Section 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable Ind AS.

(xiv) During the year, the Company has made preferential allotment/ private placement of shares. In respect of the same, in our opinion, the Company has complied with the requirement of Section 42 of the Act and the Rules framed thereunder. Further, in our opinion, the amounts so raised have been used for the purposes for which the funds were raised. During the year, the Company did not make preferential allotment/ private placement of fully/partly convertible debentures.

(xv) In our opinion, the Company has not entered into any non-cash transactions with the Directors or persons connected with them covered under Section 192 of the Act.

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

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Manish Gujral
Partner
Membership No.: 105117
UDIN: 21105117AAAAEA9774

Place: Mumbai
Date: 24 June 2021

Annexure II to the Independent Auditor's Report of even date to the members of Navi Finserv Private Limited (formerly known as Chaitanya Rural Intermediation Development Services Private Limited) on the standalone financial statements for the year ended 31 March 2021

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

1. In conjunction with our audit of the standalone financial statements of Navi Finserv Private Limited (formerly known as Chaitanya Rural Intermediation Development Services Private Limited) ('the Company') as at and for the year ended 31 March 2021, we have audited the internal financial controls over financial reporting ('IFCoFR') of the Company as at that date.

Management's Responsibility for Internal Financial Controls

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ('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 the Company's business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

3. Our responsibility is to express an opinion on the Company's IFCoFR based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note 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 IFCoFR were established and maintained and if such controls operated effectively in all material respects.

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

5. 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 IFCoFR.

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

7. Because of the inherent limitations of IFCoFR, 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 IFCoFR to future periods are subject to the risk that the IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

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

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Manish Gujral
Partner
Membership No.: 105117
UDIN: 21105117AAAAE9774

Place: Mumbai
Date: 24 June 2021

Balance sheet as at 31 March 2021

(All amounts in ₹ lakhs unless otherwise stated)

Particulars	Notes	As at 31 March 2021	As at 31 March 2020
I ASSETS			
1 Financial assets			
Cash and cash equivalents	5	10,299.95	1,944.54
Bank balances other than cash and cash equivalents	6	6,375.55	26.73
Trade receivables	7	-	451.15
Loans	8	52,934.93	10,894.06
Investments	9	2,56,505.22	3,54,303.16
Other financial assets	10	2,839.97	23.97
2 Non-financial assets			
Current tax assets (net)	11	140.44	-
Deferred tax asset (net)	12	2,515.21	721.80
Property, plant and equipment	13	37.42	36.29
Right to use asset		149.68	3.16
Intangible assets	14	0.82	1.67
Other non-financial assets	15	308.34	117.01
Total assets		**3,32,107.53**	**3,68,523.54**
II LIABILITIES AND EQUITY			
LIABILITIES			
1 Financial liabilities			
Other payables			
(i) total outstanding dues of micro enterprises and small enterprises	16	11.60	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	16	779.57	47.47
Debt securities	17	1,67,180.74	2,47,366.95
Borrowings (other than debt securities)	18	40,145.75	23,722.71
Subordinated liabilities	19	993.38	992.48
Other financial liabilities	20	6,630.25	531.68
2 Non-financial liabilities			
Current tax liabilities (net)	21	-	529.42
Provisions	22	873.57	56.52
Other non financial liabilities	23	232.69	71.28
Total liabilities		**2,16,847.55**	**2,73,318.51**
3 Equity			
Equity share capital	24	16,524.04	15,132.90
Other equity	25	98,735.94	80,072.13
Total equity		**1,15,259.98**	**95,205.03**
Total liabilities and equity		**3,32,107.53**	**3,68,523.54**

Statement of significant accounting policies and other explanatory notes form an integral part of these financials statements

This is the Balance Sheet as referred to in our report of even date

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

For and on behalf of the Board of Directors of
Navi Finserv Private Limited
(formerly known as Chaitanya Rural Intermediation Development Services Private Limited)

Manish Gujral
Partner
Membership No. 105117
Mumbai
24 June 2021

Samit Shetty
Director
DIN: 02573018
Bengaluru
24 June 2021

Ankit Agarwal
Director
DIN: 08299808
Bengaluru
24 June 2021

Dimple J Shah
Company Secretary
Membership no.: ACS A36349
Bengaluru
24 June 2021

Riya Bhattacharya
Chief Executive Officer
Bengaluru
24 June 2021

L N Gurumoorthy
Chief Financial Officer
Chennai
24 June 2021

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

(All amounts in ₹ lakhs unless otherwise stated)

Particulars	Notes	For the year ended 31 March 2021	For the year ended 31 March 2020
Revenue from operations			
(i) Interest income	26	19,472.42	7,433.41
(ii) Fees and commission income	27	238.58	80.82
(iii) Net gain on fair value changes	28	13,868.41	-
(iv) Net gain on derecognition of financial instruments under amortised cost category	29	88.88	7.88
(I) Total revenue from operations		**33,668.29**	**7,522.11**
(II) Other income	30	5.21	0.63
(III) Total income (I+II)		**33,673.50**	**7,522.74**
Expenses			
(i) Finance costs	31	1,221.23	982.14
(ii) Fees and commission expenses	32	356.78	859.41
(iii) Net loss on fair value changes	33	-	2,323.11
(iv) Impairment on financial instruments	34	13,132.85	767.63
(v) Employee benefits expenses	35	1,625.21	346.28
(vi) Depreciation and amortisation expense	36	33.64	24.37
(vii) Other expenses	37	4,164.93	675.30
(IV) Total expenses		**20,534.64**	**5,978.24**
(V) Profit before tax (III - IV)		**13,138.86**	**1,544.50**
(VI) Tax expense			
(1) Current tax	39	5,173.63	1,243.87
(2) Deferred tax credit	39	(1,789.02)	(671.00)
Total tax expense		**3,384.61**	**572.87**
(VII) Profit for the year (V - VI)		**9,754.25**	**971.63**
(i) Items that will not be reclassified to profit and loss Remeasurement of the net defined benefit (liability)/asset		(17.44)	**4.29**
(ii) Income tax relating to items that will not be reclassified to profit or loss		4.39	(1.08)
(VIII) Other comprehensive income		(13.05)	3.21
(IX) Total comprehensive income for the year (VII + VIII)		**9,741.20**	**974.84**
(X) Earnings per equity share	**40**		
Basic (₹)		6.41	1.49
Diluted (₹)		6.41	1.48

Statement of significant accounting policies and other explanatory notes form an integral part of these financials statements

This is the Statement of Profit and Loss as referred to in our report of even date

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

For and on behalf of the Board of Directors of
Navi Finserv Private Limited
(formerly known as Chaitanya Rural Intermediation Development Services Private Limited)

Manish Gujral
Partner
Membership No. 105117
Mumbai
24 June 2021

Samit Shetty
Director
DIN: 02573018
Bengaluru
24 June 2021

Ankit Agarwal
Director
DIN: 08299808
Bengaluru
24 June 2021

Dimple J Shah
Company Secretary
Membership no.: ACS A36349
Bengaluru
24 June 2021

Riya Bhattacharya
Chief Executive Officer
Bengaluru
24 June 2021

L N Gurumoorthy
Chief Financial Officer
Chennai
24 June 2021

Cash Flow Statement for the year ended 31 March 2021

(All amounts in ₹ lakhs unless otherwise stated)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
A. Cash flow from Operating activities		
Profit before tax	13,121.42	1,544.50
Depreciation, amortisation and impairment	17.04	16.78
Depreciation on right of use asset	16.60	7.59
Interest expense on lease liability	3.94	0.58
Impairment allowance on loans	9,475.73	479.65
Impairment allowance on investments	1,462.87	264.00
Portfolio loans written off	2,194.25	23.98
Effective interest rate adjustment for financial instruments	298.40	85.81
Loss on sale of fixed assets	0.22	-
Net (gain) / loss on fair value changes on investment	(3,218.72)	2,178.78
Operating profit before working capital changes	**23,371.75**	**4,601.67**
Movements in Working capital:		
Decrease in loans	(54,261.52)	(6,309.15)
(Increase)/decrease in receivables	451.15	(451.15)
(Increase)/decrease in bank deposits	(6,348.82)	108.52
Decrease/(increase) in investments	99,553.79	(40,278.16)
(Increase) in other financial assets	(2,816.00)	(2.17)
(Increase) in other non-financial assets	(191.33)	(39.94)
Increase /(decrease) in payables	743.70	(237.32)
Increase in other financial liabilities	6,098.57	406.99
Increase in non-financial liabilities	161.41	50.02
Increase in provisions	817.05	15.76
Cash generated / (used) in operations	**67,579.75**	**(42,134.93)**
Direct taxes paid	5,843.48	1,236.59
Net cash flows generated / (used) in operating activities (A)	**61,736.27**	**(43,371.52)**
B. Cash flow from Investing activities		
Purchase of property, plant and equipment and intangible assets	(34.88)	(9.63)
Proceeds from sale of property, plant and equipment and intangible assets	17.34	-
Net cash flows generated from /(used in) in investing activities (B)	**(17.54)**	**(9.63)**
C. Cash flow from Financing activities*		
Increase in equity shares	10,313.75	19,856.44
Buy back of equity shares	-	(3,063.43)
Proceeds from issue of debentures	27,190.00	25,000.00
Repayment of debentures	(1,07,161.37)	(17,500.00)
Proceeds from term loans availed	2,65,761.90	26,575.00
Repayment of term loans	(2,49,448.25)	(5,863.32)
Lease payments	(19.35)	(8.40)
Net cash flows (used in)/generated from financing activities (C)	**(53,363.32)**	**44,996.29**
Net increase in cash and cash equivalents (A+B+C)	**8,355.41**	**1,615.14**
Cash and cash equivalents at the beginning of the year	1,944.54	329.40
Cash and cash equivalents at the end of the year	**10,299.95**	**1,944.54**

* Refer note 19.1 for reconciliation of liabilities arising from financing activities

Cash Flow Statement for the year ended 31 March 2021

(All amounts in ₹ lakhs unless otherwise stated)

Components of cash and cash equivalents

Cash and cash equivalents at the end of the year	As at 31 March 2021	As at 31 March 2020
i) Cash on hand	0.09	0.14
ii) Balances with banks (of the nature of cash and cash equivalents)	10,299.86	1,944.40
Total	**10,299.95**	**1,944.54**

Statement of significant accounting policies and other explanatory notes form an integral part of these financials statements

This is the Cash Flow Statement as referred to in our report of even date

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

For and on behalf of the Board of Directors of
Navi Finserv Private Limited
(formerly known as Chaitanya Rural Intermediation Development Services Private Limited)

Manish Gujral
Partner
Membership No. 105117
Mumbai
24 June 2021

Samit Shetty
Director
DIN: 02573018
Bengaluru
24 June 2021

Ankit Agarwal
Director
DIN: 08299808
Bengaluru
24 June 2021

Dimple J Shah
Company Secretary
Membership no.: ACS A36349
Bengaluru
24 June 2021

Riya Bhattacharya
Chief Executive Officer
Bengaluru
24 June 2021

L N Gurumoorthy
Chief Financial Officer
Chennai
24 June 2021

Statement of Changes in Equity for the year ended 31 March 2021

(All amounts in ₹ lakhs unless otherwise stated)

A. Equity share capital

Particulars	Number of shares	Amount
As at 31 March 2019	**2,63,11,393**	**2,631.14**
Change in equity share capital during the year	12,50,17,627	12,501.76
As at 31 March 2020	**15,13,29,020**	**15,132.90**
Change in equity share capital during the year	1,39,11,333	1,391.14
As at 31 March 2021	**16,52,40,353**	**16,524.04**

B. Other equity

Particulars	Reserves and Surplus						Total
	Securities premium	Reserve fund u/s 45-IC of RBI Act 1934	Capital Redemption Reserve	Employee stock options outstanding	Retained earnings	Other comprehensive income - retirement benefits	
Balance as at 1 April 2019	4,750.74	90.96	-	40.60	254.56	(0.42)	5,136.44
Profit for the year	-	-	-	-	974.84	-	974.84
Issue of equity shares	77,058.40	-	-	-	-	-	77,058.40
Transferred from retained earnings to reserve fund u/s 45-IC of RBI Act 1934	-	194.67	-	-	(194.67)	-	-
Employee stock option reserve created	-	-	-	33.27	-	-	33.27
Transfer to other comprehensive income (net of deferred tax)	-	-	-	-	(3.21)	3.21	-
Buy back of equity shares	(2,622.90)	-	-	-	-	-	(2,622.90)
Transfer to Capital Redemption Reserve created upon buy back	(440.53)	-	440.53	-	-	-	-
Dividend Distribution Tax on buy back	-	-	-	-	(507.92)	-	(507.92)
Balance as at 31 March 2020	**78,745.71**	**285.63**	**440.53**	**73.87**	**523.60**	**2.79**	**80,072.13**
Profit for the year	-	-	-	-	9,741.20	-	9,741.20
Issue of equity shares (refer note 24)	8,828.50		-	-	-	-	8,828.50
Stock option reserve created (refer note 24)	-	-	-	94.11	-	-	94.11
Transferred from retained earnings to reserve fund u/s 45-IC of RBI Act 1934	-	1,948.24	-	-	(1,948.24)	-	-
Transferred to security premium (refer note 24)	167.98	-	-	(167.98)	-	-	-
Transfer to other comprehensive income (net of deferred tax)	-	-	-	-	13.05	(13.05)	-
Balance as at 31 March 2021	**87,742.19**	**2,233.87**	**440.53**	**-**	**8,329.61**	**(10.26)**	**98,735.94**

Statement of significant accounting policies and other explanatory notes form an integral part of these financials statements

This is the Statement of Changes in Equity as referred to in our report of even date

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

For and on behalf of the Board of Directors of
Navi Finserv Private Limited
(formerly known as Chaitanya Rural Intermediation Development Services Private Limited)

Manish Gujral
Partner
Membership No. 105117
Mumbai
24 June 2021

Samit Shetty
Director
DIN: 02573018
Bengaluru
24 June 2021

Ankit Agarwal
Director
DIN: 08299808
Bengaluru
24 June 2021

Dimple J Shah
Company Secretary
Membership no.: ACS A36349
Bengaluru
24 June 2021

Riya Bhattacharya
Chief Executive Officer
Bengaluru
24 June 2021

L N Gurumoorthy
Chief Financial Officer
Chennai
24 June 2021

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

1. Corporate Information

Navi Finserv Private Limited (formerly known as Chaitanya Rural Intermediation Development Services Private Limited) ('the Company') was formed on 14 February 2012 to carry on the business of sourcing, underwriting and carrying on the business of lending to individuals and entities including micro, small and medium enterprises, rural credit and other body corporates across India and provide credit related services as an NBFC, including, inter alia, (i) intermediation services for financial services agents and money transfer agents; (ii) credit linkage services; (iii) acting as a banking correspondent and (iv) generally carrying out all activities permissible to be carried out as an NBFC. The Company also carries on corporate treasury activities including: (i) investments in equity, mutual funds, alternative investment funds (AIFs), bonds, debentures, pass through certificates, receivables, sovereign funds and to extend to other persons and body corporates, loans and other instruments of similar nature for such consideration as the Company may deem fit; and (ii) the activity of trading in the equity, debt, gold, oil, currency, interest rates and commodities in and across futures, options and other derivatives and to carry on repo and reverse repo transactions.

During the year ended 31 March 2020, controlling stake in the Company was initially acquired by Mr. Sachin Bansal w.e.f. 24 October 2019 and was subsequently transferred to Navi Technologies Private Limited (formerly known as BAC Acquisitions Private Limited) ('the Holding Company') w.e.f. 30 March 2020.

The Company is a holding company of Chaitanya India Fin Credit Private Limited ('the Subsidiary Company') since 12 November 2014.

The Company has received Certificate of registration from Reserve Bank of India dated 11 March 2016, to carry on the business of Non- Banking Financial Institution without accepting deposits.

2. Statement of Compliance

These standalone financial statements ("the financial statements") of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified by Ministry of Corporate Affairs ('MCA') under Section 133 of the Companies Act, 2013 ('Act') and presentation requirements of Division III of Schedule III to the Companies Act, 2013, applicable to NBFCs, as notified by the MCA, and applicable provisions of the Companies Act, 2013 and other applicable regulatory norms / guidelines.

The financial statements for the year ended 31 March 2021 were authorized and approved for issue by the Board of Directors on 24 June 2021.

3. Impact of COVID-19

The COVID-19, a global pandemic has affected the world economy including India, leading to significant decline and volatility in financial markets and decline in economic activities. The national lockdown announced on 23 March 2020 affected activities of organizations across the economic ecosystem, impacting earning prospects and valuations of companies and creating huge volatility in the stock markets. The impact of COVID-19 on Company's result remain uncertain and will dependent on future developments including the second wave that has significantly increased the number of cases in India.

The Company, as per the regulatory requirements, has put in place a COVID policy and has given moratorium to eligible borrowers. The Company's capital and liquidity position remains strong and would continue to be the focus area for the Management. There have been no significant changes to the Company's internal financial control other than providing remote access to some of its key employees during the lockdown.

Based on the current assessment of the potential impact of the COVID-19 on the Company, management is of the view that the Company is well capitalised and has adequate liquidity to service its obligations, sustain its operations and also look at any appropriate investment/ lending opportunities.

The Company has recognized provisions as on 31 March 2021, towards its loan assets to the extent of ₹ 9,671.39 lakhs which includes an additional provision of ₹ 1,274.88 lakhs for impact of COVID-19 second wave, based on the information available at this point of time including economic forecasts, in accordance with the expected credit loss method. The Company believes that it has considered all the possible impact of the known events arising out of COVID-19 pandemic in the preparation of financial results. The extent to which the current pandemic will impact the carrying value of loan assets and unqouted investments is dependent on the future developments, which are highly uncertain at this point in time.

4. Significant accounting policies

4.1. Basis of preparation and measurement

(i) Going concern and basis of measurement

The financial statements have been prepared on a going concern basis under the historical cost convention on accrual basis except for certain financial assets and financial liabilities are measured at fair values at the end of each reporting period. Accounting policies have been consistently applied except where a newly issued accounting standard is

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

initially adopted or a revision to an existing accounting standard requires a change in accounting policy hitherto in use.

(ii) Use of estimates and judgements

The preparation of financial statements requires management to make certain estimates and assumptions that affect the amounts reported in the financial statements and notes thereto. The management believes that these estimates and assumptions are reasonable and prudent. However, actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in the current and future periods. An overview of the areas that involve a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed have been disclosed below. Detailed information about each of these estimates and judgments is included in the relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

Estimate and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under circumstances.

- Business model assessment

Classification and measurement of financial assets depends on the results of the Solely Payments of Principle and Interest ('SPPI') 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 judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognized prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

- Fair value of financial instruments

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

- Provisions and other contingent liabilities

Provisions and liabilities are recognized in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events and the amount of cash outflow can be reliably estimated. The timing of recognition and quantification of the liability requires the application of judgement to existing facts and circumstances, which can be subject to change. The carrying amounts of provisions and liabilities are reviewed regularly and revised to take account of changing facts and circumstances.

- Defined employee benefit assets and liabilities

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

- Impairment of loans and investment portfolio

The measurement of impairment losses across all categories of financial assets requires judgement the estimation of the amount and timing of future cash flows and collateral values when determining

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by several factors, changes in which can result in different levels of allowances.

It has been the Company's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

- Effective Interest Rate (EIR) method

The Company's EIR methodology, recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans given / taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges).

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

4.2. Revenue recognition

i. Recognition of interest income

Interest income is recognised by applying the Effective Interest Rate (EIR) to the gross carrying amount of financial assets other than credit-impaired assets and financial assets classified as measured at FVTPL.

The EIR in case of a financial asset is computed

a. As the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset.

b. By considering all the contractual terms of the financial instrument in estimating the cash flows.

c. Including all fees received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

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

Interest income on credit impaired assets is recognised by applying the effective interest rate to the net amortised cost (net of provision) of the financial asset.

ii. Income from assignment transactions

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

iii. Recoveries against written off assets and fees received on collections

The Company recognises iii. Recoveries against written off assets and fees received on collections on realization basis.

iv. Dividend income

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

v. Other income

All other income is recognized on accrual basis when no significant uncertainty exists on their receipt.

4.3. Finance costs

Finance costs represents interest expense recognised by applying the Effective Interest Rate (EIR) to the gross carrying amount of financial liabilities.

The EIR in case of a financial liability is computed

a. As the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the gross carrying amount of the amortised cost of a financial liability.

b. By considering all the contractual terms of the financial instrument in estimating the cash flows.

c. Including all fees paid between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

Borrowing cost consists of interest and other cost that the Company incurred in connection with the borrowing of funds. All other borrowing costs are charged to the Statement of Profit and Loss as incurred basis the effective interest rate method.

4.4. Property, Plant and Equipment:

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Cost includes all expenses, direct and indirect, specifically

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

attributable to its acquisition and bringing it to its working condition for its intended use. Incidental expenditure pending allocation and attributable to the acquisition of fixed assets is allocated/ capitalised with the related assets. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred.

Depreciation

Depreciation on property, plant and equipment has been provided on the written down value method as prescribed in Schedule II of Companies Act 2013 or the rates determined by the management as per estimated useful life of the assets, whichever is higher. All individual assets (other than furniture and fixtures and office equipments) valued less than ₹ 5,000 are depreciated in full in the year of acquisition. The useful life of the assets is as follows:

Asset class	Useful life adopted by the Company
Electrical Installations and Equipment	5 years
Computers and accessories	3 years
Office equipment	5 years
Furniture and fixtures	10 years
Vehice - Motor car	8 years
UPS	10

Depreciation is calculated on a pro rata basis from the date on which the asset is ready for use or till the date the asset is sold or disposed off.

The residual values, useful lives and method of depreciation are reviewed at the end of each financial year.

De-recognition

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

4.5. Intangible assets

Intangible assets are carried at cost less accumulated amortisation and impairment losses, if any. The cost of an intangible asset comprises its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the tax authorities), and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates.

Any gain or loss on disposal of an item of intangible assets is recognised in statement of profit or loss.

Amortization For amortization of intangibles, the amortization amount is allocated on a systematic basis over the best estimate of its useful life. Management estimates useful life of intangible assets to be 3 years.

4.6. Fair value measurement

The Company measures financial instruments at fair value which 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:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

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; and

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

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

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

4.7. Financial instruments

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

Financial assets:

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

Financial assets carried at amortized cost – a financial asset is measured at the amortized cost if both the following conditions are met:

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

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in interest income in the Statement of Profit and Loss.

De-recognition of financial assets

Financial assets (or where applicable, a part of financial asset or part of a group of similar financial assets) are derecognised (i.e. removed from the Company's balance sheet) when the contractual rights to receive the cash flows from the financial asset have expired, or when the financial asset and substantially all the risks and rewards are transferred. The difference in the carrying amount of financial assets (net of impairment allowance) and the consideration received on the transfer of financial asset is recognised in the statement of profit or loss.

Financial liabilities:

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include other payables, borrowings and payables towards assignment transactions.

Subsequent measurement

Subsequent to initial recognition, financial liabilities are measured at amortised cost using the effective interest method.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

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, to realise the assets and settle the liabilities simultaneously.

4.8. Impairment of financial assets

In accordance with Ind AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

a) Financial assets that are investments in debt instruments, and are measured at amortised cost along with other financial assets such as e.g., loans, deposits, trade receivables and bank balances.

4.8.1. Overview of the Expected Credit Loss (ECL) Model

The Company records allowance for expected credit losses for all loans and other debt instruments not held at FVTPL in this section all referred to as 'financial

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

instruments'. Equity instruments are not subject to impairment under Ind AS 109.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss).

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is the portion of Lifetime ECL that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both Lifetime ECLs and 12-month ECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

The Company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. The Company does the assessment of significant increase in credit risk at a borrower level. If a borrower has various facilities having different past due status, then the highest days past due (DPD) is considered to be applicable for all the facilities of that borrower.

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

Stage 1

All exposures where there has not been a significant increase in credit risk since initial recognition or that has low credit risk at the reporting date and that are not credit impaired upon origination are classified under this stage. The company classifies all standard advances/investments and advances/investments upto 30 days default under this category. Stage 1 financial instruments also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.

Stage 2

All exposures where there has been a significant increase in credit risk since initial recognition but are not credit impaired are classified under this stage. 30 Days Past Due is considered as significant increase in credit risk.

Stage 3

Financial instruments are classified as stage 3 when there is objective evidence of impairment as a result of one or more loss events that have occurred after initial recognition with a negative impact on the estimated future cash flows of a financial instrument. The Company recognizes life time ECL for impairment of financial assets.

4.8.2. Estimation of Expected Credit loss

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

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

  The Company uses historical information where available to determine PD. Considering the different products, the Company has bifurcated its financial instruments into various pools. For certain pools where historical information is available, the PD is calculated considering fresh slippage of past years. For those pools where sufficient historical information is not available, the PD/default rates as being witnessed in the industry is also used as an input to determine the PD for the company . For investments, the PD/default rates are considered as reported by external credit rating agencies.

- Exposure at Default (EAD) - The Exposure at Default is an estimate of the exposure at a future default date.

- Loss Given Default (LGD) - The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the Company would expect to receive, including from the realisation of any collateral.

Forward looking information

While estimating the expected credit losses, the Company reviews macro-economic developments occurring in the economy and the market it operates in. On a periodic basis, the Company analyses if there is any relationship between key economic trends like GDP, unemployment rates, benchmark rates set by the Reserve Bank of India, inflation etc. with the estimate of PD, LGD determined by the Company based on its internal data. While the internal estimates of PD, LGD

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

rates by the Company may not be always reflective of such relationships, temporary overlays, if any, are embedded in the methodology to reflect such macro-economic trends reasonably.

Collateral valuation

To mitigate its credit risks on financial assets, the Company seeks to use collateral, where possible. The collateral comes in various forms, such as movable and immovable assets, guarantees, etc. However, the fair value of collateral affects the calculation of ECL and the fair value is based on data provided by third party or management judgements.

Collateral repossessed

In its normal course of business whenever default occurs, the Company may take possession of properties or other assets in its retail portfolio and generally disposes such assets through auction, to settle outstanding debt. Any surplus funds are returned to the customers/obligors. As a result of this practice, assets under legal repossession processes are not recorded on the balance sheet.

Write-offs

Financial assets are written off either partially or in their entirety to the extent that there is no realistic prospect of recovery. The Company reduces the gross carrying amount of a financial asset. However financial assets that are written off could still be enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any subsequent recoveries made are recognised in the statement of profit and loss.

4.9. Employee benefits:

The Company provides employment benefits through various defined contribution and defined benefit plans.

Employee benefits include Provident Fund, Gratuity and Bonus.

Defined contribution plans

A defined contribution plan is a plan under which the Company pays fixed contributions into an independent fund administered by the government. The Company has no legal or constructive obligations to pay further contributions after its payment of the fixed contribution, which are recognised as an expense in the year in which the related employee services are received.

Defined benefit plans

The defined benefit plans sponsored by the Company define the amount of the benefit that an employee will receive on completion of services by reference to length of service and last drawn salary. The legal obligation for any benefits remains with the Company.

Gratuity is a post-employment benefit and is in the nature of a defined benefit plan. The liability recognised in the financial statements in respect of gratuity is the present value of the defined benefit obligation at the reporting date, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated at or near the reporting date by an independent actuary using the projected unit credit method.

Actuarial gains and losses arising from past experience and changes in actuarial assumptions are credited or charged to the statement of OCI in the year in which such gains or losses are determined.

Short-term employee benefits

Expense in respect of other short term benefits is recognised on the basis of the amount paid or payable for the period during which services are rendered by the employee.

4.10. Leases

Identification of lease:

The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or whether the arrangement conveys a right to use the asset.

Recognition of lease payments:

Rent expenses representing operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term, unless the increase is in line with expected general inflation, in which case lease payments are recognised based on contractual terms.

Leases that do not transfer to the Company substantially all of the risks and benefits incidental to ownership of the leased items are operating leases.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of assets that have a lease term of 12 months or less and leases of low-value assets. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

4.11. Taxes

Current tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax assets and liabilities are recognised for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are only recognised for temporary differences, unused tax losses and unused tax credits if it is probable that future taxable amounts will arise to utilise those temporary differences and losses. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

4.12. Share based payments

The Company had formulated an Employees Stock Option Schemes to be administered through a Trust. The fair value of options granted under Employee Stock Option Plan was recognised as an employee benefits expense with a corresponding increase in other equity upto the year ended 31 March 2021. The fair value of options granted under Employee Stock Option Plan is recognized as a deemed investment in subsidiary company with a corresponding increase in employee stock options outstanding reserve. The total amount to be recognized is determined by reference to the fair value of the options and is recognized 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. Upon exercise of share options, the proceeds received are allocated to share capital up to the par value of the shares issued with any excess being recorded as share premium. This scheme as closed in the current year

4.13. Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period.

To calculate 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.

4.14. Impairment of non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of its non-financial assets or cash generating units to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

4.15. Cash and cash equivalents

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

4.16. Dividend

Proposed dividends and interim dividends payable to the shareholders are recognized as changes in equity in the period in which they are approved by the shareholder's meeting and the Board of Directors respectively.

4.17. Foreign currency

Functional and presentation currency

Items included in the financial statement of the Company are measured using the currency of the primary economic

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

environment in which the entity operates. The financial statements have been prepared and presented in Indian Rupees, which is the Company's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency, by applying the exchange rates on the foreign currency amounts at the date of the transaction. Foreign currency monetary items outstanding at the balance sheet date are converted to functional currency using the closing rate. Non-monetary items denominated in a foreign currency which are carried at historical cost are reported using the exchange rate at the date of the transaction. Exchange differences arising on monetary items on settlement, or restatement as at reporting date, at rates different from those at which they were initially recorded are recognised in the Statement of Profit and Loss in the year in which they arise.

4.18. Equity investment in subsidiaries

Investments representing equity interest in subsidiaries are accounted for at cost in accordance with IndAS 27 Separate Financial Statements

4.19. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM) of the Company. The CODM is responsible for allocating resources and assessing performance of the operating segments of the Company.

4.20. Rounding off amounts

All amounts disclosed in the financial statements and notes have been rounded off to the thousands as per the requirements of Schedule III of the Act unless otherwise stated.

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

5 Cash and cash equivalents

Particulars	As at 31 March 2021	As at 31 March 2020
Cash in hand	0.09	0.14
Balances with banks in current account	10,299.86	1,944.40
Total	**10,299.95**	**1,944.54**

(i) There are no repatriation restrictions with respect to Cash and cash equivalents as at the end of the reporting year and prior year.

(ii) The Company has obtained bank overdraft facility. however, there is no overdrawn amount.

(iii) The cash and cash equivalents for cash flow statement is same as cash and for cash equivalents

6 Bank balances other than cash and cash equivalents

Particulars	As at 31 March 2021	As at 31 March 2020
Term deposits with bank*	6,375.55	26.73
Total	**6,375.55**	**26.73**

* The term deposits with banks (exluding the interest accrued on term deposits have been placed under lien for the following purposes:

Particulars	As at 31 March 2021	As at 31 March 2020
Term loans	-	24.00
Margin money against Government Securities Trade	4,986.00	-
Overdraft facilities	1,227.15	-
Total	**6,213.15**	**24.00**

7 Trade receivables*

Particulars	As at 31 March 2021	As at 31 March 2020
Unsecured, considered good	-	451.15
Total	**-**	**451.15**

* The Company does not have any receivables which are either credit impaired or where there is significant increase in credit risk as on 31 March 2020

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

8 Loans

Particulars	As at 31 March 2021	As at 31 March 2020
A) Loans (at amortised cost)		
i) Term loans	62,606.32	11,568.47
Total (gross)	**62,606.32**	**11,568.47**
Less : Impairment loss allowance	(9,671.39)	(674.41)
Total (net)	**52,934.93**	**10,894.06**
B) i) Secured	621.92	9,665.49
ii) Unsecured	61,984.40	1,902.98
Total (gross)	**62,606.32**	**11,568.47**
Less : Impairment loss allowance	(9,671.39)	(674.41)
Total (net)	**52,934.93**	**10,894.06**
C) Loans in India		
i) Public sector	-	-
ii) Individuals	62,506.32	7,982.67
iii) Corporates	100.00	3,585.80
Total (gross)	**62,606.32**	**11,568.47**
Less : Impairment loss allowance	(9,671.39)	(674.41)
Total (net)	**52,934.93**	**10,894.06**

9 Investments

Particulars	Amortised cost	At fair value through profit and loss	As at 31 March 2021 Total
Mutual funds (unquoted)	-	6,927.30	6,927.30
Bonds and debentures (quoted)	-	1,21,658.90	1,21,658.90
Bonds and debentures (unquoted)	2,774.60	-	2,774.60
Pass through certificates (unquoted)	20,631.72	-	20,631.72
Government Securities (quoted)	-	46,794.07	46,794.07
Futures (quoted)	-	635.03	635.03
Others (quoted)	26,184.33	-	26,184.33
Equity instruments			
- Subsidiaries (unquoted)	32,445.97	-	32,445.97
- Deemed investment in subsidiary on account of ESOP issued to employees of the Subsidiary Company)	167.98	-	167.98
- Others (unquoted)	12.19	-	12.19
Total gross (A)	**82,216.79**	**1,76,015.30**	**2,58,232.09**
Investments outside India	-	-	-
Investments in India	82,216.79	1,76,015.30	2,58,232.09
Total gross (B)	**82,216.79**	**1,76,015.30**	**2,58,232.09**
Allowance for impairment loss (C)	(1,726.87)	-	(1,726.87)
Total - net D = A - C	**80,489.92**	**1,76,015.30**	**2,56,505.22**

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

9 Investments (Contd..)

Particulars	Amortised cost	At fair value through profit and loss	As at 31 March 2020 Total
Mutual funds (unquoted)	-	34,418.53	34,418.53
Investments through Portfolio Management Services ('PMS'):			
- Equity instruments (quoted)	-	7,409.30	7,409.30
Alternative investment fund (unquoted)	-	3,796.75	3,796.75
Bonds and debentures (quoted)	-	1,42,655.88	1,42,655.88
Bonds and debentures (unquoted)*	45,139.77	-	45,139.77
Pass through certificates (unquoted)	1,00,004.92	-	1,00,004.92
Futures (quoted)	-	9.98	9.98
Equity instruments			
- Subsidiaries (unquoted)	21,045.97	-	21,045.97
- Deemed investment in subsidiary on account of ESOP issued to employees of the Subsidiary Company)	73.87	-	73.87
- Others (unquoted)	12.19	-	12.19
Total gross (A)	**1,66,276.72**	**1,88,290.44**	**3,54,567.16**
Investments outside India	-	-	
Investments in India	1,66,276.72	1,88,290.44	3,54,567.16
Total gross (B)	**1,66,276.72**	**1,88,290.44**	**3,54,567.16**
Allowance for impairment loss (C)	(264.00)	-	(264.00)
Total - net D = A - C	**1,66,012.72**	**1,88,290.44**	**3,54,303.16**

* Includes investment in unsecured, unrated, unlisted, irredeemable, compulsorily convertible debentures of the subsidiary company amounting to ₹ 11,400 lakhs as on 31 March 2020.

10 Other financial assets

Particulars	As at 31 March 2021	As at 31 March 2020
Security deposits (unsecured, considered good)	6.56	11.53
EIS receivable on assignment	-	3.48
Insurance recoverable	24.74	8.19
Other receivable	2,808.67	0.77
Total	**2,839.97**	**23.97**

11 Current tax assets (net)

Particulars	As at 31 March 2021	As at 31 March 2020
Income tax	140.44	-
Total	**140.44**	**-**

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

12 Deferred tax asset (net)

Particulars		As at 31 March 2021	As at 31 March 2020
Tax effect of items constituting deferred tax liabilities:			
Financial liabilities measured at amortised cost		66.93	2.86
Deferment of upfront EIS and servicing obligation recorded for assignment		-	0.70
Interest on non-performing loans		2.96	29.83
Financial assets measured at fair value through profit and loss		261.73	-
Others		-	0.56
Deferred tax liabilities (total)	A	**331.62**	**33.95**
Tax effect of items constituting deferred tax assets:			
Impairment allowance for loans		2,161.64	143.57
Provision for employee benefits		54.64	12.37
Difference in written down value as per Companies Act and Income Tax Act		7.39	5.23
Financial assets measured at amortised cost		186.70	48.10
Financial assets measured at fair value through profit and loss		-	546.37
Others		436.46	0.11
Deferred tax assets (total)	B	**2,846.83**	**755.75**
Net deferred tax asset (B-A)		**2,515.21**	**721.80**

Movement in deferred tax liabilities

Particulars	As at 31 March 2020	(Charged)/ credited to statement of profit and loss	(Charged)/ credited to other comprehensive income	As at 31 March 2021
Tax effect of items constituting Deferred Tax Liabilities:				
Financial liabilities measured at amortised cost	2.86	64.07	-	66.93
Deferement of upfront EIS and servicing obligation recorded for assignment	0.70	(0.70)	-	-
Interest on non-performing loans	29.83	(26.87)	-	2.96
Financial assets measured at fair value through profit and loss	-	261.73		261.73
Others	0.56	(0.56)	-	-
Deferred tax liabilities total	**33.95**	**297.67**	**-**	**331.62**

Movement in deferred tax assets

Particulars	As at 31 March 2020	(Charged)/ credited to statement of profit and loss	(Charged)/ credited to other comprehensive income	As at 31 March 2021
Tax effect of items constituting Deferred Tax Assets:				
Impairment allowance for loans	143.57	2,018.07	-	2,161.64
Provision for employee benefits	12.37	37.88	4.39	54.64
Difference in written down value as per Companies Act and Income Tax Act	5.23	2.16	-	7.39
Financial assets measured at amortised cost	48.10	138.60	-	186.70
Financial assets measured at fair value through profit and loss	546.37	(546.37)	-	-
Others	0.11	436.35	-	436.46
Deferred tax assets Total	**755.75**	**2,086.69**	**4.39**	**2,846.83**
Total Deferred tax (Asset) (net)	**721.80**	**1,789.02**	**4.39**	**2,515.21**

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

13 Property, plant and equipment

Particulars	Computer and accessories	Furniture and fixtures	Office equiments	Vehicles	Leasehold Improvement	Electrical equipment	Total
Gross block							
Balance as at 31 March 2019	**10.71**	**50.02**	**2.42**	**8.58**	**-**	**2.95**	**74.68**
Additions	3.41	1.72	3.48	-	-	0.12	8.73
Reversal on disposal of assets	-	-	-	-	-	-	-
Balance as at 31 March 2020	**14.12**	**51.74**	**5.90**	**8.58**	**-**	**3.07**	**83.41**
Additions	12.45	3.10	7.62	-	5.96	5.75	34.88
Reversal on disposal of assets	26.57	-	-	8.58	-	-	35.15
Balance as at 31 March 2021	**-**	**54.84**	**13.52**	**-**	**5.96**	**8.82**	**83.14**
Accumulated depreciation							
Balance as at 31 March 2019	**6.17**	**20.65**	**0.68**	**2.06**	**-**	**1.22**	**30.78**
Charge for the year	4.68	7.82	1.32	2.05	-	0.47	16.34
Reversal on disposal of assets	-	-	-	-	-	-	-
Balance as at 31 March 2020	**10.85**	**28.47**	**2.00**	**4.11**	**-**	**1.69**	**47.12**
Charge for the year	2.17	6.26	5.06	0.46	2.01	0.23	16.19
Reversal on disposal of assets	13.02	-		4.57	-	-	17.59
Balance as at 31 March 2021	**-**	**34.73**	**7.06**	**-**	**2.01**	**1.92**	**45.72**
Net block							
Balance as at 31 March 2019	**4.54**	**29.37**	**1.74**	**6.52**	**-**	**1.73**	**43.90**
Balance as at 31 March 2020	**3.27**	**23.27**	**3.90**	**4.47**	**-**	**1.38**	**36.29**
Balance as at 31 March 2021	**-**	**20.11**	**6.46**	**-**	**3.95**	**6.90**	**37.42**

14 Intangible assets

Particulars	Computer and accessories	Furniture and fixtures	Office equiments	Vehicles
Gross block				
Balance as at 31 March 2019	**0.40**	**0.15**	**1.05**	**1.60**
Additions	0.90	-	-	0.90
Reversal on disposal of assets	-	-	-	-
Balance as at 31 March 2020	**1.30**	**0.15**	**1.05**	**2.50**
Additions	-	-	-	-
Reversal on disposal of assets	-	-	-	-
Balance as at 31 March 2021	**1.30**	**0.15**	**1.05**	**2.50**
Accumulated depreciation				
Balance as at 31 March 2019	**0.01**	**0.05**	**0.33**	**0.39**
Charge for the year	0.17	0.03	0.24	0.44
Reversal on disposal of assets	-	-	-	-
Balance as at 31 March 2020	**0.18**	**0.08**	**0.57**	**0.83**
Charge for the year	0.44	0.06	0.35	0.85
Reversal on disposal of assets	-	-	-	-
Balance as at 31 March 2021	**0.62**	**0.14**	**0.92**	**1.68**
Net block				
Balance as at 31 March 2019	**0.39**	**0.10**	**0.72**	**1.21**
Balance as at 31 March 2020	**1.12**	**0.07**	**0.48**	**1.67**
Balance as at 31 March 2021	**0.68**	**0.01**	**0.13**	**0.82**

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

15 Other non-financial assets

Particulars	As at 31 March 2021	As at 31 March 2020
Unsecured, considered good		
Advances to suppliers and others	78.18	7.84
Balance with government authorities	165.58	61.29
Income tax paid under dispute	20.58	20.59
Prepaid expenses*	44.00	27.29
Total	**308.34**	**117.01**

* Includes pre-spent CSR expenditure of ₹ 38.48 lakhs (refer note 38)

16 Other payables

Particulars	As at 31 March 2021	As at 31 March 2020
Dues to micro enterprises and small enterprises	11.60	-
Dues to creditors other than micro enterprises and small enterprises	779.57	47.47
Total	**791.17**	**47.47**

17 Debt securities

Particulars	As at 31 March 2021	As at 31 March 2020
Secured (at amortised cost)		
Redeemable non-convertible debentures	26,975.16	-
Unsecured (at amortised cost)		
Redeemable non-convertible debentures	1,40,205.58	2,47,366.95
Total	**1,67,180.74**	**2,47,366.95**
Borrowings in India	1,67,180.74	2,47,366.95
Borrowings outside India	-	-
Total	**1,67,180.74**	**2,47,366.95**

(i) Refer note 19.2 for interest rates, repayment terms and nature of security of debt securities.

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

18 Borrowings (other than debt securities)

Particulars	As at 31 March 2021	As at 31 March 2020
Borrowings carried at amortised cost		
Term loans (Secured)		
- From banks	6,395.03	-
- From financial institutions	33,599.42	23,719.13
Lease liability	151.30	3.58
	40,145.75	**23,722.71**
Borrowings in India	40,145.75	23,722.71
Borrowings outside India	-	-
Total	**40,145.75**	**23,722.71**

(i) Refer note 19.3 for interest rates, repayment terms and nature of security of borrowings.

19 Subordinated liabilities

Particulars	As at 31 March 2021	As at 31 March 2020
At amortised cost		
Unsecured term loan		
- From banks	993.38	992.48
	993.38	**992.48**
Subordinated liabilities in India	993.38	992.48
Subordinated liabilities outside India	-	-
Total	**993.38**	**992.48**

(i) Refer note 19.3 for interest rates, repayment terms and nature of security of borrowings.

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

19.1 Reconciliation of liabilities from financing activities

Particulars	As at 31 March 2020	Cash flow			Non-cash			As at 31 March 2021
		Additions	Payment	Lease payments	Lease liability	Upfront fees and amortisation	Consideration received in the form of investments for NCDs issued	
Debt securities	2,47,366.95	27,190.00	(1,07,161.37)	-	-	(214.84)	-	1,67,180.74
Borrowings (other than debt securities)	23,722.71	2,65,761.90	(2,49,448.25)	(19.35)	170.65	(41.91)	-	40,145.75
Subordinated liabilities	992.48	-	-	-	-	0.90	-	993.38
Total liabilities from financial activities	**2,72,082.14**	**2,92,951.90**	**(3,56,609.62)**	**(19.35)**	**170.65**	**(255.85)**		**2,08,319.87**

Particulars	As at 31 March 2019	Cash flow			Non-cash			As at 31 March 2020
		Additions	Payment	Lease payments	Lease liability	Upfront fees and amortisation	Consideration received in the form of investments for NCDs issued	
Debt securities	-	25,000.00	(17,500.00)	-	-	-	2,39,866.95	2,47,366.95
Borrowings (other than debt securities)	2,999.64	26,575.00	(5,863.32)	(8.40)	0.58	19.21	-	23,722.71
Subordinated liabilities	991.43	-	-	-	-	1.05	-	992.48
Total liabilities from financial activities	**3,991.07**	**51,575.00**	**(23,363.32)**	**(8.40)**	**0.58**	**20.26**		**2,72,082.14**

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

19.2 Debt securities

Terms of debentures	Number of debentures		Face value	Amount	
	As at 31 March 2021	As at 31 March 2020		As at 31 March 2021	As at 31 March 2020
Secured Listed Rated Redeemable Principal Protected Market Linked Non-Convertible Debentures. Maturity Date is 17 June 2022. Redemption premium is 9.25%	1,500.00	-	10,00,000	15,000.00	-
Secured Listed Rated Redeemable Principal Protected Market Linked Non-Convertible Debentures. Maturity Date is 16 June 2022. Redemption premium is 10%	469.00	-	10,00,000	4,690.00	-
Secured Listed Rated Redeemable Principal Protected Market Linked Non-Convertible Debentures. Maturity Date is 26 May 2022. Redemption premium is 10%	750.00	-	10,00,000	7,500.00	-
0% unsecured, unrated, fully redeemable, Non-Convertible Debentures dated 30 March 2020 with call / put option. Maturity date is 31 December 2024	1,40,20,558	1,87,61,050	1,000	1,40,205.58	1,87,610.50
0% unsecured, unrated, fully redeemable, Non-Convertible Debentures dated 22 November 2019 with call / put option. Maturity date is 31 December 2024	-	59,75,645	1,000	-	59,756.45

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

19.3 Details of terms and conditions of Borrowings and Subordinate liabilities#

Subordinated liabilities

Sl no.	Repayment terms	No. of instalments	Repayment commencement month	Interest rate terms	Nature of the security	As at 31 March 2021	As at 31 March 2020
1	Principal: Bullet Repayment. Interest: Monthly	84	Feb-18	15.00%	Unsecured	1,000.00	1,000.00

Borrowings (other than debt securities)

Sl no.	Repayment terms	No. of instalments	Repayment commencement month	Interest rate terms	Nature of the security	As at 31 March 2021	As at 31 March 2020
1	Monthly	15	Apr-21	8.50%	Exclusive charge on standard receivables (upto 30 days DPD) with a minimum cover of 1.20x	2,500.00	-
2	Monthly	18	Apr-21	9.60%	Exclusive charge on specific loan receivables arising out of Term loan from our bank excluding amount over due more than 3 months, keeping a minimum asset cover of 1.2x	1,500.00	-
3	Monthly	24	Apr-21	9.40%	First & exclusive charge on Book Debts to the extent of 1.20x with PAR (less than 30 days) of loan limit.	3,000.00	-
4	Monthly	18	Feb-21	9.60%	Exclusive hypothication of present and future Loan Receivables. Security margin- 120% of the loan principal outstanding during the currency of the loan.	2,222.22	-
5	Monthly	15	Apr-21	9.75%	Exclusive charge on specific loan receivables arising out of Loan lending.	200.00	
6	Monthly	36	Aug-17	13.44%	Exclusive first charge (floating) on portfolio of receivables.	-	26.42
7	Monthly	36	Jan-18	14.00%	Hypothecation of book debts (105%), postdated cheques/ NACH mandate with 3 security cheques for the entire repayment	-	75.00

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

Borrowings (other than debt securities)

Sl no.	Repayment terms	No. of instalments	Repayment commencement month	Interest rate terms	Nature of the security	As at 31 March 2021	As at 31 March 2020
8	Monthly	36	Jan-18	14.00%	Hypothecation of book debts (105%), postdated cheques/ NACH mandate with 3 security cheques for the entire repayment	-	61.11
9	Monthly	24	Apr-19	15.00%	Hypothecation of book debts (110%), postdated cheques/ NACH mandate with 3 security cheques for the entire repayment	-	100.00
10	Monthly	36	Apr-18	13.50%	Exclusive hypothecation charges over receivables/ portfolio/ book debts with cover of 110% of outstanding principal amount	-	165.04
11	Monthly	24	Dec-18	14.00%	Loan cover of 110% of the amount financed, security of post dated cheques	-	81.57
12	Monthly	24	Jun-19	14.35%	Demand promissory notes, Letter of Continuity, Deed of Hypothecation	-	213.85
13	Semi anuualy	1	Jul-20	8.25%	Pass Through Certificates, Units of Mutual Fund, Marketable Securities	-	11,500.00
14	Semi anuualy	1	Aug-20	8.25%	Pass Through Certificates, Units of Mutual Fund, Marketable Securities	-	11,500.00
15	Bullet repayment	1	Apr-21	3.50%	06.66% TAMIL NADU SDL 2030	9,774.70	-
16	Bullet repayment	1	Apr-21	3.50%	7.16% NI GOVT STOCK 2023	10,714.69	-
17	Bullet repayment	1	Apr-21	3.50%	06.73% TAMIL NADU SDL 2030	10,125.03	-
						40,036.64	**23,722.99**

Note: Lease liability not included

#All the above mentioned repayments disclosed as per the contractual maturities of debt securities, borrowing other than debt securities and subordinate liabilities at gross carrying value.

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

20 Other financial liabilities

Particulars	As at 31 March 2021	As at 31 March 2020
Interest accrued on borrowings	480.51	311.27
Payables towards assignment transactions	6.58	119.11
Insurance payables	6.45	8.47
Other payables	111.20	92.83
Payable towards investments settlement*	6,025.51	-
Total	**6,630.25**	**531.68**

* Represents investments/ (redemption) in securities which are pending for settlement as on 31 March 2021 which are subsequently settled on 6 April 2021

21 Current tax liabilities (net)

Particulars	As at 31 March 2021	As at 31 March 2020
Income tax	-	21.50
Dividend distribution tax payable	-	507.92
Total	**-**	**529.42**

22 Provisions

Particulars	As at 31 March 2021	As at 31 March 2020
Provision for employee benefits	156.24	33.95
Provision for gratuity	52.04	10.69
Provisions for compensated absences	63.10	11.88
Provision for expenses	602.19	-
Total	**873.57**	**56.52**

23 Other non financial liabilities

Particulars	As at 31 March 2021	As at 31 March 2020
Statutory dues payable	143.73	70.12
Deferred revenue	66.57	0.69
Other payable	22.39	0.47
Total	**232.69**	**71.28**

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

24 Equity share capital

Particulars	As at 31 March 2021	As at 31 March 2020
Authorised share capital		
175,000,000 equity shares of ₹ 10 each (31 March 2020: 175,000,000 equity shares of ₹ 10 each)	17,500.00	17,500.00
Total authorised capital	**17,500.00**	**17,500.00**
Issued, subscribed and fully paid up share capital		
165,240.353 Equity shares of ₹ 10 each (31 March 2020: 151,907,020 equity shares of ₹ 10 each)	16,524.04	15,190.70
Less: Amount receivable from Chaitanya Employee Welfare Trust (face value of 578,000 shares allotted to the trust) - refer note (b) below	-	(57.80)
Total equity share capital	**16,524.04**	**15,132.90**

(i) Rights, preferences and restrictions attached to equity shares:

The Company has equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors in any financial year is subject to the approval of the shareholders in the ensuing Annual General Meeting, except interim dividend. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders. The equity shares shall be transferable subject to the provisions contained in the Articles of Association and in the agreements entered / to be entered into with the investors / shareholders from time to time.

(ii) Reconciliation of equity shares outstanding at the beginning and at the end of the year

Particulars	As at 31 March 2021		As at 31 March 2020	
	Number of shares	Amount	Number of shares	Amount
Equity share capital of ₹ 10 each fully paid up				
Balance at the beginning of the year	15,13,29,020	15,132.90	2,63,11,393	2,631.14
Add: Issued during the year	1,33,33,333	1,333.33	12,94,22,908	12,942.29
Add: ESOP exercised during the year	5,78,000	57.80		
Less: Buy back of shares	-	-	(44,05,281)	(440.53)
Balance at the end of the year	**16,52,40,353**	**16,524.04**	**15,13,29,020**	**15,132.90**

a During the year ended 31 March 2021, the Company allotted 1,33,33,333 equity shares of ₹ 10 each at an issue price of ₹ 75 per share including premium of ₹ 65 per share to Navi Technologies Private Limited (formerly known as BAC Acquisitions Private Limited) ('the Holding Company).

b The Company had given an interest and collateral free loan to an Employee Stock Option Plan Trust ("Chaitanya Employee Welfare Trust" or "ESOP Trust") to provide financial assistance for purchase of equity shares of the Company under Employee Stock Option Scheme. The Company had established the ESOP Trust to which the stock options issuable (578,000 equity shares) were transferred. The amount recoverable from the ESOP Trust was reduced from share capital (to the extent of face value) and from securities premium (to the extent of premium on shares) as on 31 March 2020.

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

c During the year ended 31 March 2021, there was an accelerated vesting of ESOPs on 13 October 2020, where in the Holding Company (Navi Technologies Private Limited) paid ₹75 per share to the Chaitanya Employee Welfare Trust being consideration for exercising ESOPs on behalf of employees and for subsequent transfer of such shares to the Holding Company. Accordingly, the ESOPs were exercised and transferred to Navi Technologies Private Limited and the oustanding loan was fully repaid by Chaitanya Employee Welfare Trust. Therefore, such transfer of shares from Chaitanya Employee Welfare Trust to Navi Technologies Private Limited has been captured as a movement in the current year.

(iii) Shares held by the holding company

Particulars	As at 31 March 2021		As at 31 March 2020	
	Number of shares	% holding	Number of shares	% holding*
Navi Technologies Private Limited (formerly known as BAC Acquisitions Private Limited)	16,52,40,353	100%	15,13,29,020	99.62

* The shareholding % of holding company is before considering the adjustment as mentioned in note (c) above and would be at 100% post adjustment

(iv) Shareholders holding more than 5% of shares of the Company as at balance sheet date:

Particulars	As at 31 March 2021		As at 31 March 2020	
	Number of shares	% holding	Number of shares	% holding
Navi Technologies Private Limited	16,52,40,353	100%	15,13,29,020	99.62

* The shareholding % of the shareholders holding more than 5% of shares of the Company is calculated before considering the adjustment as mentioned in note 24(c) above.

25 Other equity

Particulars	As at 31 March 2021	As at 31 March 2020
Securities premium		
Opening balance	78,745.71	4,750.74
Add : Securities premium credited on share issue	8,828.50	77,058.40
Add : Transfer from ESOP reserve (refer note 24)	167.98	
Less:		
a) Buy back of shares	-	(2,622.90)
b) Transfer to Capital Redemption Reserve	-	(440.53)
Closing balance	**87,742.19**	**78,745.71**
Reserve fund u/s 45-IC of RBI Act 1934		
Opening balance	285.63	90.96
Add: Transfer from retained earnings	1,948.24	194.67
Closing balance	**2,233.87**	**285.63**
Employee stock options outstanding reserve		
Opening balance	73.87	40.60
Add: Stock option reserve created	94.11	33.27
Less: Transferred to securities premium	(167.98)	-
Closing balance	**-**	**73.87**

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

25 Other equity (Contd..)

Particulars	As at 31 March 2021	As at 31 March 2020
Other comprehensive income		
Opening balance	2.79	(0.42)
Add: Transfer from retained earnings	(13.05)	4.29
Deferred tax on the above	-	(1.08)
Closing balance	**(10.26)**	**2.79**
Retained earnings		
Opening balance	523.60	254.56
Add: Transferred from statement of profit and loss for the year	9,741.20	974.84
Less: Appropriations/transfers		
Transfer to statutory reserve as per Section 45-IC of the RBI Act, 1934	(1,948.24)	(194.67)
Transfer to other comprehensive income (net of deferred tax)	13.05	(3.21)
Dividend distribution tax	-	(507.92)
Closing Balance	**8,329.61**	**523.60**
Capital Redemption Reserve		
Opening balance	440.53	-
Add: Created on buy back of equity shares	-	440.53
Closing balance	**440.53**	**440.53**
Total	**98,735.94**	**80,072.13**

Nature and purpose of reserves

Securities premium reserve

The amount received in excess of face value of the equity shares is recognised in Securities Premium Reserve. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.

Statutory reserve

Every year 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.

Other comprehensive income

Re-measurement of the net defined benefit liability/(asset) comprises actuarial gain and losses.

Employee stock options outstanding

The account is used to recognise the grant date value of options issued to employees under Employee stock option plan and adjusted as and when such options are exercised or otherwise expire.

Retained earnings

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

Capital Redemption Reserve

Capital Redemption Reserve has been created in accordance with Section 69 of the Companies Act, 2013, being the nominal value of the shares brought back by the Company during the year ended 31 March 2020.

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

26 Interest income

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
On financial assets measured at amortised cost		
Interest on loans	7,671.80	2,228.63
Interest on investments	8,749.11	2,853.44
Interest income - others	233.01	6.27
Sub-total	**16,653.92**	**5,088.34**
On financial assets measured classified at fair value through profit or loss		
Interest on investments	2,818.50	2,345.07
Sub-total	**2,818.50**	**2,345.07**
Total	**19,472.42**	**7,433.41**

27 Fees and commission income

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Fee received on collections	238.58	76.50
Service fee on assigned loans	-	4.32
Total	**238.58**	**80.82**

28 Net gain on fair value changes

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
(A) Net gain on financial instruments at fair value through profit or loss		
(i) On trading portfolio		
- Investments		
Debt securities	12,459.28	-
Mutual fund	1,551.61	-
Future trading	(1,727.41)	-
(ii) on financial instruments designated at FVTPL		
Debt securities	226.34	-
Equity instruments	1,101.44	-
(B) Net gain on financial instruments at amortised cost		
Debt Securities	61.90	-
Pass through certificate	195.25	-
Total	**13,868.41**	**-**
Fair value changes		
- Realised	10,649.69	-
- Unrealised	3,218.72	-
Total	**13,868.41**	**-**

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

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

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Gain on sale of loan portfolio through assignment	-	7.88
Gain on sale of loan portfolio	88.88	-
Total	**88.88**	**7.88**

30 Other income

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Miscellaneous income	5.21	0.63
Total	**5.21**	**0.63**

31 Finance costs

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
On financial liabilities measured at amortised cost		
Interest on borrowings	499.38	823.66
Interest on debt securities	443.70	-
Interest on subordinated liabilities	150.00	151.20
Interest on security deposits	2.05	2.46
Interest on lease liability	3.94	0.58
Assignment expense	-	2.19
Others	122.16	2.05
Total	**1,221.23**	**982.14**

32 Fees and commission expenses

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Fee paid to business correspondents	316.60	859.41
Others	40.18	-
Total	**356.78**	**859.41**

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

33 Net loss on fair value changes

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
(A) Net loss on financial instruments at fair value through profit or loss		
(i) On trading portfolio		
- Investments		
Debt securities	-	(153.90)
Mutual fund	-	(52.51)
Future trading	-	69.85
(ii) on financial instruments designated at FVTPL		
Debt securities	-	(295.68)
Equity instruments	-	2,738.58
(B) Net loss on financial instruments at amortized cost		
Pass through certificate	-	16.77
Total	**-**	**2,323.11**
Fair value changes		
- Realised	-	144.33
- Unrealised	-	2,178.78
Total	**-**	**2,323.11**

34 Impairment on financial instruments

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Portfolio loans written off	2,194.25	23.98
Impairment allowance on portfolio loans *	9,475.73	479.65
Impairment allowance on investments	1,462.87	264.00
Total	**13,132.85**	**767.63**

* During the year ended 31 March 2021 the Company has sold two wheeler and housing portfolio which had an impairment allowance of ₹ 478.76 lakhs as on the date of transfer. The same has been considered for arriving at the net gain on derecognition of financial instruments under amortised category in Note No.29.

35 Employee benefits expenses

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Salaries, wages and bonus	1,421.51	295.58
Contribution to provident and other funds	43.89	11.02
Gratuity expense	45.18	4.08
Compensated absences	32.64	7.15
ESOP expenses*	52.99	-
Staff welfare expenses	29.00	28.45
Total	**1,625.21**	**346.28**

* During the year ended 31 March 2021, the Holding Company has granted stock options of 744,029 to the employees of the Company. Outstanding options as on 31 March 2021 are 744,029. The Stock compensation cost is computed under the fair value method and has been recognised on a straight line basis over the vesting period up to 31 March 2021.

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

36 Depreciation and amortization

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Depreciation on tangible assets (refer note 13)	16.19	16.34
Amortisation on intangible assets (refer note 14)	0.85	0.44
Depreciation on Right of Use assets	16.60	7.59
Total	**33.64**	**24.37**

37 Other expenses

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Rent and electricity charges	14.40	12.22
Customer onboarding and verification	422.70	5.34
Traveling and conveyance	53.72	13.89
Communication costs	4.10	2.31
Repairs and maintenance	3.85	8.40
Software support charges	1,232.01	4.32
Legal and professional charges	209.77	224.59
Auditors' remuneration*	19.08	20.63
Rates and taxes	102.75	345.50
Advertisement expenses	2,000.25	2.79
Director's sitting fees	38.31	10.10
Office and general expenses	30.63	6.81
Corporate social responsibility expenses	27.52	-
Miscellaneous expenses	5.84	18.40
Total	**4,164.93**	**675.30**
*Auditor fees and expenses comprises of:		
As auditor:		
- Statutory audit fees	15.26	14.00
- Tax audit fees	2.18	2.00
- Out of pocket	-	0.13
In any other manner:		
- Certification	1.64	4.50

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

38 Corporate social responsibility expenses

(a) Gross amount required to be spent by the Company during the year ended 31 March 2021 is ₹ 27.52 lakhs

(b) Amount approved by the Board to be spent during the year is ₹ 66.00 lakhs

Particulars	For the year ended 31 March 2021
c) Amount spent during the year :	
(i) Construction / acquisition of any asset	-
(ii) On purpose other than (i) above	
In cash	66.00
Yet to be paid	-
d) Excess amount spent during the year* :	
Opening balance	-
Amount spent during the year	66.00
Amount required to be spent during the year	27.52
Closing balance	38.48

* Included under prepaid expenses (refer note 15)

Note : Section 135 of Companies Act, 2013 was not applicable for the year ended 31 March 2020.

39 Tax expense

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Current tax	5,173.63	1,243.87
Deferred tax	(1,789.02)	(671.00)
Total	**3,384.61**	**572.87**

The reconciliation of estimated income tax expense at statutory income tax rate to income tax expense reported in statement of profit and loss is as follows:

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Profit before tax (III - IV)	**13,138.86**	**1,544.50**
Income tax rate	25.17%	25.17%
Expected income tax expense	**3,306.79**	**388.72**
Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense		
Tax on expense not eligible for deduction	12.63	178.51
Impact of different tax rate on certain items	-	4.95
Others	65.19	0.69
Total income tax expense	**3,384.61**	**572.86**

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

40 Earnings per share (basic and diluted)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Net profit for the year	9,754.25	971.63
Weighted-average number of equity shares for basic EPS	1,522.13	650.83
Weighted-average number of potential equity shares for diluted EPS	1,522.13	656.42
Earnings per share - Basic	6.41	1.49
Earnings per share - Diluted	6.41	1.48

41 Details of dues to micro and small enterprises as defined under the MSMED Act, 2006

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year.	11.60	-
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006.	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year.	-	-
The amount of further interest remaining due and payable even in 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 MSMED Act, 2006.	-	-

42 Retirement benefit plan

(i) Defined Contribution Plan

The Company makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards provident fund and other funds which are defined contribution plans. The Company has no obligations other than this to make the specified contributions. The contributions are charged to the Statement of Profit and Loss as they accrue. The Company makes Provident Fund and Employee State Insurance Scheme contributions which are defined contribution plans for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognized ₹ 41.74 lakhs (31 March 2020: ₹ 8.73 lakhs) for Provident Fund contributions and ₹1.32 lakhs (31 March 2020: ₹ 0.87 lakhs) for Employee State Insurance Scheme contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the Schemes.

Defined Benefit Plan

The Company has a defined benefit gratuity plan. Every employee is entitled to gratuity as per the provisions of the Payment of Gratuity Act, 1972. The liability of Gratuity is recognised on the basis of actuarial valuation.

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

The following tables summaries 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 gratuity plan.

(ii) Amount recognised in the statement of profit and loss in respect of the defined benefit plan are as follows :

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Current service cost	19.77	3.57
Interest cost (net)	0.73	0.51
Actuarial loss/(gain) recognised during the year	(2.61)	(0.83)
Transfer in	24.68	0.00
Amount recognised in total comprehensive income	**42.57**	**3.25**

Amount recognised in the balance sheet is as under:

Particulars	31 March 2021	31 March 2020
Defined benefit plans		
Gratuity	52.04	10.69

Gratuity

(i) The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/ termination is the employee's last drawn basic salary per month computed proportionately for 15 days multiplied by the number of years of service.

(ii) Movement in the present value of defined benefit obligation recognised in the balance sheet

Description	31 March 2021	31 March 2020
Present value of defined benefit obligation as at the beginning of the year	**10.69**	**7.44**
Current service cost	19.77	3.57
Interest cost	0.73	0.51
Transfer in	24.68	-
Benefits Paid	(1.22)	-
Actuarial (gain)/loss	(2.61)	(0.83)
Present value of defined benefit obligation as at the end of the year	**52.04**	**10.69**

(iii) Movement in the plan assets recognised in the balance sheet

Description	31 March 2021	31 March 2020
Fair value of plan assets at the beginning of the period		
Expected return on plan assets	-	-
Contributions by employer	-	-
Benefits paid	-	-
Actuarial gain/(loss)	-	-
Fair value of plan assets at the end of the period	**-**	**-**

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

(iv) **Reconciliation of present value of defined benefit obligation and the fair value of assets:**

Description	31 March 2021	31 March 2020
Present value of funded obligation as at the end of the year	52.04	10.69
Fair value of plan assets as at the end of the period funded status	-	-
(Unfunded)/funded net liability recognized in balance sheet	**(52.04)**	**(10.69)**

(v) **Actuarial (gain)/loss recognised in other comprehensive income:**

Description	31 March 2021	31 March 2020
Actuarial loss/ (gain) on assets	-	-
Actuarial (gain) / loss on liabilities		
Actuarial (gain) from change in demographic assumption	-	-
Actuarial loss from change in financial assumption	-	-
Actuarial loss from experience adjustment	(2.61)	(0.83)
Total Actuarial (gain) / loss on liabilities	**(2.61)**	**(0.83)**
Total actuarial (gain) / loss	**(2.61)**	**(0.83)**

(vi) **Actuarial assumptions used for determination of the liability of the Company:**

Description	31 March 2021	31 March 2020
Discount rate	7.19%	6.82%
Rate of increase in compensation levels	6.00%	6.00%
Rate of employee turnover	5.00%	5.00%
Retirement age	60	60

Notes to actuarial assumptions:

(a) Gratuity is payable to the employees on death or resignation or on retirement at the attainment of superannuation age.

(b) These assumptions were developed by management with the assistance of independent actuarial appraisers. Discount factors are determined close to each year-end by reference to government bonds and that have terms to maturity approximating to the terms of the related obligation. Other assumptions are based on management's historical experience.

(c) The discount rate is based on the prevailing market yield of Government of India bonds as at the balance sheet date for the estimated terms of obligations.

(d) The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

(vii) Sensitivity analysis for gratuity liability

Description	31 March 2021	31 March 2020
Impact of change in discount rate		
Present value of obligation at the end of the year		
- Impact due to increase of +100 basis points	6.56	(1.62)
- Impact due to increase of -100 basis points	8.02	2.06
Impact of change in salary increase		
Present value of obligation at the end of the year		
- Impact due to increase of +100 basis points	7.42	2.03
- Impact due to increase of -100 basis points	6.23	(1.61)
Impact of change in attrition rate		
Present value of obligation at the end of the year		
- Impact due to increase of +100 basis points	0.40	(0.05)
- Impact due to increase of -100 basis points	0.31	0.04

The above sensitivity analysis is based on a change an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied which was applied while calculating the defined benefit obligation liability recognised in the balance sheet.

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

(viii) Maturity profile of defined benefit obligation

Description	31 March 2021	31 March 2020
Within next 12 months	0.92	0.28
Between 1-5 years	51.12	10.41
Beyond 5 years	-	-

(ix) Expected future payouts (Discounted)

Description	31 March 2021	31 March 2020
Year I	0.92	0.28
Year II	0.87	0.26
Year III	0.82	0.24
Year IV	0.77	0.23
Year V	0.73	0.18
Year 6-10	3.10	0.69
Above 10 years	44.84	8.81

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

Disclosure for Leave encashment

(i) Amount recognised in the balance sheet

Particulars	31 March 2021	31 March 2020
Defined benefit plans		
Leave encashment	63.10	11.88

(ii) Amount recognised in the statement of profit and loss

Description	31 March 2021	31 March 2020
Current service cost	7.60	6.59
Interest cost (net)	0.80	0.56
Transfer In	24.24	-
Actuarial loss/(gain) recognised during the year	20.05	(3.46)
Amount recognised in total comprehensive income	**52.69**	**3.69**

(iii) Movement in the present value of defined benefit obligation recognised in the balance sheet

Description	31 March 2021	31 March 2020
Present value of defined benefit obligation as at the beginning of the year	**11.88**	**8.19**
Current service cost	7.60	6.59
Interest cost	0.80	0.56
Benefits paid	(1.47)	-
Transfer In	24.24	-
Actuarial (gain)/loss	20.05	(3.46)
Present value of defined benefit obligation as at the end of the year	**63.10**	**11.88**

(iv) Movement in the plan assets recognised in the balance sheet

Description	31 March 2021	31 March 2020
Fair value of plan assets at the beginning of the year	-	-
Expected return on plan assets		
Contributions by employer	-	-
Benefits paid	-	-
Actuarial gain/(loss)	-	-
Fair value of plan assets at the end of the year	**-**	**-**

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

(v) Reconciliation of present value of defined benefit obligation and the fair value of assets:

Description	31 March 2021	31 March 2020
Present value of funded obligation as at the end of the year	63.10	11.88
Fair value of plan assets as at the end of the period funded status	-	-
(Unfunded)/funded net liability recognized in balance sheet	**(63.10)**	**(11.88)**

(vi) Actuarial (gain)/loss recognised in other comprehensive income:

Description	31 March 2021	31 March 2020
Actuarial loss/ (gain) on assets	-	-
Actuarial (gain) / loss on liabilities		
Actuarial (gain) from change in demographic assumption	-	-
Actuarial loss from change in financial assumption	-	-
Actuarial loss from experience adjustment	20.05	(3.46)
Total Actuarial (gain) / loss on liabilities	**20.05**	**(3.46)**
Total actuarial (gain)/loss	**20.05**	**(3.46)**

(vii) Actuarial assumptions used for determination of the liability of the Company:

Description	31 March 2021	31 March 2020
Discount rate	7.19%	6.82%
Rate of increase in compensation levels	6.00%	6.00%
Rate of employee turnover	5.00%	5.00%
Retirement age	60	60

Notes to actuarial assumptions:

(viii) Maturity profile of defined benefit obligation

Particulars	31 March 2021	31 March 2020
Within next 12 months	3.71	1.25
Beyond 1 yr	59.39	10.63

Plan characteristics and associated risks

1. Salary inflation risk

   Higher than expected increases in salary will increase the defined benefit obligation

2. Demographic risks:

   This is the risk of volatility of results due to unexpected nature of decrements that include mortality attrition, disability and retirement. The effects of this decrement on the defined benefit obligation depend upon the combination of salary increase, discount rate and vesting criteria. It is important not to overstate withdrawal rate because the cost of retirement benefit of an employee serving a shorter tenor will be less compared to long service employees.

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

3. **Actuarial risk**

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

   a) Adverse salary growth

   b) Variability in mortality rates

   c) Variability in withdrawal rates

4. **Market risk**

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

5. **Legislative/Regulatory risk**

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

6. **Liquidity risk**

   The Company is making provisions for the entire gratuity liability as per actuarial valuation and follows a 'pay as you go' system to meet the liabilities as and when they fall due. Therefore, there is a liquidity risk involved that they may run out of cash.

43 Related parties disclosures

Names of related parties

Nature of relationship	Name of the party
Holding Company	Navi Technologies Private Limited (formerly known as BAC Acquisitions Private Limited)
Subsidiary Company	Chaitanya India Fin Credit Private Limited
Entities in which KMP are able to exercise control or have significant influence	Chaitanya Employee Welfare Trust
Entities in which Directors are able to exercise control or have significant influence	Navi General Insurance Limited
Name of key managerial personnel	**Designation**
Mr. Sachin Bansal	Non- Executive Director
Mr. Ankit Agarwal	Non- Executive Director
Mr. Samit S Shetty	Non- Executive Director (w.e.f 1 March 2021)
Mr. Samit S Shetty	Executive Director (wef 4 November 2020)
Mr. Samit S Shetty	CEO (w.e.f Appointment Date 11 May 2020 & Resignation Date 18 February 2021)
Ms. Riya Bhattachraya	CEO (w.e.f 18 February 2021)
Mr. L N Gurumoorthy	CFO (w.e.f 24 March 2021)
Ms. Dimple J Shah	Company Secretary
Name of Directors	**Designation**
Mr. K S Ravi	Independent Director (resigned w.e.f 31 August 2020)
Mr. R Nandakumar	Independent Director (resigned w.e.f 31 August 2020)

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

43 Related parties disclosures (Contd..)

Nature of relationship	Name of the party
Usha A Narayanan	Independent Director (Appointed w.e.f 06 June 2020)
Ranganathan Sridharan	Independent Director (Appointed w.e.f 31 August 2020)
Others	**Nature of Relationship**
Mr. U Raghurama Rao	Relatives of erstwhile director Mr.Anand Rao
Ms. Shashikala Rao	Relatives of erstwhile director Mr.Anand Rao

Transactions with related parties

Name of related party	Nature of transaction	Year ended 31 March 2021	Year ended 31 March 2020
Navi Technologies Private Limited	Issue of Non convertible debentures	-	2,64,866.96
(formerly known as BAC Acquisitions Private Limited)	Redemption of Non convertible debentures	1,07,161.37	17,500.00
	Face value of equity shares allotted	1,333.33	12,501.76
	Securities premium received	8,666.67	77,058.40
	Technology consulatncy share expense	1,200.46	-
	Payment of LPF collected on behalf of group company	841.95	-
	Platform management fee	3.83	-
	Digital marketing expense	169.00	-
	Professional fees	24.67	-
	Sale of fixed assets	13.95	-
	Purchase of debentures	9,990.88	-
	Lease rental paid	11.76	-
	ESOP expense	52.99	-
Navi General Insurance Limited	Advance money paid for customer insurance policies	56.00	-
Navi General Insurance Limited	Premium charged for issuance of customer insurance policies	52.81	-
Mr. Samit Shankar Shetty	Buy back of shares	-	2,324.92
Mr. Anand Rao	Buy back of shares	-	393.45
Mr. U Raghurama Rao	Buy back of shares	-	231.66
Ms. Shashikala Rao	Buy back of shares	-	113.39
Mr. Samit Shankar Shetty	Remuneration	63.85	-
Ms.Riya Bhattacharya	Remuneration	15.95	-
Mr.L N Gurumoorthy	Remuneration	2.47	-
Mr. K Subramanyam Ravi	Sitting fees	6.76	-
Mr. R Sridharan	Sitting fees	14.17	-
Mr. Rachamadugu Nandakumar	Sitting fees	6.76	-
Ms. Usha A Narayanan	Sitting fees	10.63	-
Mr. K S Ravi	Sitting fees	-	5.05
Mr. R Nandakumar	Sitting fees	-	5.05
Chaitanya India Fin Credit Private Limited	Investment in equity shares	11,400.00	14,685.45

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

43 Related parties disclosures (Contd..)

Name of related party	Nature of transaction	Year ended 31 March 2021	Year ended 31 March 2020
	Purchase consideration for buyout of loan portfolio	18,836.37	-
	Consideration received on sale of portfolio	770.32	-
	Service fee paid	232.66	638.57
	Sale of fixed assets	3.40	-
	Inter Corporate loan given	1,000.00	-
	Inter Corporate loan repaid	1,000.00	-
	Investment in compulsorily convertible debentures	-	11,400.00
	Sale of investment in Non convertible debenture	1,504.75	-
	Interest received on Non convertible debenture	163.42	-
	Interest received on inter company loan	6.56	-
	Interest received on compulsorily convertible debentures	140.86	171.78

Outstanding balances with related parties in ordinary course of business:

Name of related party	Nature of transaction	Year ended 31 March 2021	Year ended 31 March 2020
Chaitanya India Fin Credit Private Limited	Outstanding (payable)/ receivable - net - business correspondence activities	53.83	451.15
Chaitanya India Fin Credit Private Limited	Outstanding (payable)/ receivable - net - financial activities	2,190.21	(79.24)
Chaitanya India Fin Credit Private Limited	Compulsorily convertible debentures	-	11,400.00
Navi Technologies Private Limited (formerly known as BAC Acquisitions Private Limited)	Outstanding (payable)/ receivable - net - business correspondence activities	(357.56)	-
Navi Technologies Private Limited (formerly known as BAC Acquisitions Private Limited)	Non-convertible debentures	(1,40,205.58)	(2,47,366.95)
Navi Technologies Private Limited (formerly known as BAC Acquisitions Private Limited)	Provision for employee benefits (ESOP expense)	(52.99)	-
Navi General Insurance Limited	CD balance	3.19	-

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

44 Maturity analysis of assets and liabilities

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

Particulars	As at 31 March 2021			As at 31 March 2020		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Assets						
Financial assets						
Cash and cash equivalents	10,299.95	-	10,299.95	1,944.54	-	1,944.54
Bank balances other than cash and cash equivalents	6,375.55	-	6,375.55	-	26.73	26.73
Trade receivables	-	-	-	451.15	-	451.15
Loans*	40,373.28	12,561.65	52,934.93	7,526.03	3,368.03	10,894.06
Investment	2,12,726.04	43,779.18	2,56,505.22	2,55,344.23	98,958.93	3,54,303.16
Other financial assets	2,837.09	2.88	2,839.97	12.42	11.55	23.97
Non-financial assets						
Current tax assets (net)	140.44	-	140.44	-	-	-
Deferred tax asset (net)	-	2,515.21	2,515.21	-	721.80	721.80
Property, plant and equipment	-	37.42	37.42	-	36.29	36.29
Right to use asset	-	149.68	149.68	3.16	-	3.16
Other intangible assets	-	0.82	0.82	-	1.67	1.67
Other non-financial assets	286.59	21.75	308.34	82.23	34.78	117.01
Total	**2,73,038.94**	**59,068.59**	**3,32,107.53**	**2,65,363.76**	**1,03,159.78**	**3,68,523.54**
Liabilities						
Financial liabilities						
Other payables						
(i) total outstanding dues of micro enterprises and small enterprises	11.60	-	11.60	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	779.57	-	779.57	47.47	-	47.47
Debt securities	1,40,205.58	26,975.16	1,67,180.74	2,47,366.95	-	2,47,366.95
Borrowings (other than debt securities)	36,943.07	3,202.67	40,145.75	621.91	23,100.80	23,722.71
Subordinated liabilities	-	993.38	993.38	-	992.48	992.48
Other financial liabilities	6,630.25	-	6,630.25	531.68	-	531.68
Non financial liabilities						
Current tax liabilities (net)	-	-	-	529.42	-	529.42
Provisions	681.82	191.75	873.57	34.81	21.71	56.52
Other non financial liabilities	232.69	-	232.69	71.28	-	71.28
Total	**1,85,484.58**	**31,362.97**	**2,16,847.55**	**2,49,203.52**	**24,114.99**	**2,73,318.51**
Net	**87,554.36**	**27,705.62**	**1,15,259.98**	**16,160.24**	**79,044.79**	**95,205.03**

*Amounts disclosed as on 31 March 2020 is per anticipated repayment pattern owing to moratorium given to customers on account of COVID-19 pandemic as per the RBI guidelines.

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

45 Contingent liabilities, commitments and leasing arrangements

(A) Contingent liabilities

Description	As at 31 March 2021	As at 31 March 2020
a. In respect of Income tax demands where the Company has filed appeal before the relevant authority.	109.95	103.19
b. In respect of GST where the Company has filed submission to Assistant Commissioner (State Tax-Karnataka)	30.60	-
Total	**140.55**	**103.19**

i) Future cash outflows in respect of above are determinable only on receipt of judgements /decisions pending with various forums/authorities. The management believes that the ultimate outcome of these proceedings will not have a material adverse effect on the Company's financial position and results of operations.

(B) Commitments not provided for

There are no commitments of the Company that are not provided for as at 31 March 2021 and 31 March 2020

(C) Lease disclosures

Description	As at 31 March 2021	As at 31 March 2020
Opening lease liabilities	3.58	11.40
Addition to lease liabilities during the year	163.13	-
Interest expense on Lease liabilities	3.94	0.58
Cash outflow for leases	(19.35)	(8.40)
Closing lease liabilities	**151.30**	**3.58**

Description	As at 31 March 2021	As at 31 March 2020
Opening value of right of use assets	3.15	10.74
Addition to lease assets during the year	163.13	-
Less: Depreciation charge for the year	(16.60)	(7.59)
Closing lease Assets	**149.68**	**3.15**

Amounts recognised in statement of profit or loss

Description	For the year ended 31 March 2021	For the year ended 31 March 2020
Depreciation charge on right of use assets	16.60	7.59
Interest on lease liabilities	3.94	0.58
Total	**20.54**	**8.17**

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

Amounts recognised in the statement of cash flows

Description	For the year ended 31 March 2021	For the year ended 31 March 2020
Interest paid on lease liabilities	3.94	0.58
Payment towards lease liabilities	(19.35)	(8.40)
Total	**(15.41)**	**(7.82)**

Maturity analysis of lease liabilities

Particulars	As at 31 March 2021	As at 31 March 2020
Within one year	37.89	3.58
After one year but not more than five years	113.41	-
More than five years	-	-
Total	**151.30**	**3.58**

Particulars	As at 31 March 2021	As at 31 March 2020
Nature of right of use asset	Office premises	Office premises
No. of right of use assets leased	4	1
Range of remaining term	33-44 Months	5 months
Average remaining lease term	36 months	5 months
Future cash flows to which lessee is potentially exposed to		
Variable lease payments	-	-
Extension and termination options	-	-
Residual value guarantees	-	-
Leases not yet commenced to which the lessee is committed	-	-
Total	**-**	**-**
Restrictions or covenants imposed by leases	None	None
Sale and leaseback transactions	None	None

46 Share based payments

ESOP Plan 2017

The Company has implemented an Employee Stock Option Plan called as Chaitanya Employee Stock Option Scheme 2017 ("ESOP 2017"). The Chaitanya Employee Stock Option Scheme 2017' (the 'Plan 2017') was approved in the Extraordinary General Meeting of the members held on 24 April 2017. The Company introduced the Plan to reward employees for their association with the Company, their performance as well as to attract, retain and motivate employees to contribute to the growth and profitability of the Company and its subsidiary company. The plan provides for the creation and issue of 739,500 options that would eventually convert into equity shares of ₹ 10 each in the hands of the employees. The options are to be granted to the eligible employees as per the eligibility criteria as recommended by the Board of Directors. The share options vest in a graded manner over a period of three years and are exercisable in one or more tranches within a period of ten years from the date of vesting, failing which the options shall lapse.

Pursuant to the Plan, the Company granted 621,000 options till 31 March 2020 (31 March 2019: 621,000). The stock compensation cost is computed under the fair value method and has been recognised as an additional investment in CIFCPL on a proportionate basis over the vesting period upto 31 March 2020. For the year ended 31 March 2021, the Company has recorded an additional investment of 94.11 lakhs (31 March 2020: 33.27 lakhs) in the CIFCPL.

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

Details of ESOP trust and plan:

	Grant – 1 of ESOP 2017	Grant – 2 of ESOP 2017
Date of grant	13 October 2017	26 March 2019
Date of Board Meeting, where ESOP was approved	12 October 2017	25 March 2019
Date of Committee Meeting where grant of options were approved	13 October 2017	26 March 2019
No. of options granted	5,59,000	62,000
Method of settlement	The employees have to pay the exercise price to the Trust for acquiring the shares of the Company. The exercise price is ₹ 38 each	
Vesting conditions	The options shall vest over a period of 3 (three) years of continuous completed service from the date of grant of options	
Vesting period	The options shall vest at the rate of 33% on each anniversary of the grant, continuosly for 3 years	
Exercise period	After completion of vesting period within 10 years of vesting of the options	
Pricing formula	The Company had isssued shares to the Trust at ₹ 38 per share (valuation report was obtained)	

Details of grant and exercise of such options are as follows:

Particulars	Grant – 1 of ESOP 2017	Grant – 2 of ESOP 2017
No. of options granted	5,59,000	62,000
Date of grant of options	13 October 2017	26 March 2019
No. of employee to whom such options were granted	62	2
Exercise price*	₹ 38	₹ 38
No. of employees who have exercised the option	62	2
No. of options exercised	4,82,000.00	62,000.00

*Based on the valuation by a registered valuer.

Details of vesting of options Chaitanya Employee Stock Option Scheme 2017:

Grant-1

Vesting date	Vested options
13 October 2018	1,75,333
13 October 2019	1,60,000
13 October 2020	1,46,667

Grant-2

Vesting date	Vested options
26 March 2020	20,667
13 October 2020	41,333

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

Summary of options granted under the plan:

Particulars	As at 31 March 2021		As at 31 March 2020	
	No. of options	Weighted average exercise price	No. of options	Weighted average exercise price
Outstanding options at the beginning of the year	5,54,000	₹ 38	5,67,333	₹ 38
Granted during the year	-	-	-	
Forfeited during the year	-	-	-	
Exercised during the year	5,44,000	₹ 38	-	
Expired/lapsed during the year	10,000	₹ 38	13,333	₹ 38
Outstanding options at the end of the year	-	-	5,54,000	₹ 38
Exercisable at the end of the year	-	-	-	
Number of equity shares of ₹ 10 each fully paid up to be issued on exercise of option	-	-	5,54,000	₹ 38
Weighted average remaining contractual life (in years) of the option exercisable	-	-		10.71
Weighted average fair value of the options exercisable at grant date	Grant-1	-	Grant-1	16.20
	Grant-2	-	Grant-2	36.60

Share options outstanding at the end of the year having the following expiry date and exercise price: Nil

The fair value of the options was estimated on the date of grant using the Black-Scholes model with the following significant assumptions:

Grant date	13 October 2017	26 March 2019
Vesting period	10 years from the vesting date	10 years from the vesting date
Exercise price	38.00	38.00
Expected volatility (%)	21.00%	19.10%
Expected option life (in years)	7.00	7.00
Fair market value of the option on the grant date	16.20	36.60
Risk free interest rate	6.60%	7.20%

Employee wise details (name of employee, designation, number of options granted during the year, exercise price) - Nil (previous year - Nil)

There are no identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.

Note:

During the year ended 31 March 2021, there was an accelerated vesting of ESOPs on 13 October 2020, where in the holding company (Navi Technologies Private Limited) paid ₹75 per share to the Chaitanya Employee Welfare Trust being consideration for exercising ESOPs on behalf of employees and for subsequent transfer of such shares to the Holding Company.

Accordingly, the ESOPs were exercised and transferred to Navi Technologies Private Limited and the oustanding loan repaid by Chaitanya Employee Welfare Trust. Therefore such transfer of shares from Chaitanya Employee Welfare Trust to Navi Technologies Private Limited has been captured as a additional movement in the current year.

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

ESOP Plan 2019

Under the Employee Share-option Plan (ESOP), introduced on 17 October 2019 by Navi Technologies Private Limited (herein referred to as the "Holding Company"), at its discretion, may grant share options of the Holding Company to any of the employees including employees of its wholly owned subsidiaries.

The Holding Company introduced the Plan for the benefit of the employees of all companies under the Group. The options are to be granted to the eligible employees as per the eligibility criteria as determined by the Board/Compensation Committee at its sole discretion.

Under the plan, participants have been granted options which will vest as follows:

Scheme	Vesting Conditions	Exercise Period	Exercise Price / Ratio	Other conditions
"Employee Share-option Plan (ESOP), 2019	Vested in a graded manner over a period of 4 years.	Employees must remain in service for a period of 3 years from the date of grant.	₹ 100/-Options : Shares = 1:1	Options are exercisable in one or more tranches within a period of 10 years from the date of vesting, failing which the options shall lapse.

Pursuant to the plan, the Holding Company has granted 744,029 to the employees of the Company. Outstanding options as on 31 March 2021 are 744,029. The Stock compensation cost is computed under the fair value method and has been recognised on a straight line basis over the vesting period up to 31 March 2021.

For the year ended 31 March 2021, the Company has recorded stock compensation expenses of ₹ 52.99 lakhs which has been transferred by Holding Company.

	No. of options 31 March 2021
Options outstanding at the beginning	-
Granted during the year	7,44,029
Lapsed during the year	-
Options outstanding at the end	**7,44,029**

The fair value of share options granted is estimated at the date of grant using a Black Scholes Merton model, taking into account the terms and conditions upon which the share options were granted.

The expected life used in the model has been adjusted, based on management's best estimate for the effects of non-transferability, exercise restrictions and behavioral considerations. The contractual term of the share options is ten years and there are no cash settlement alternatives for the employees. The Hoding Company does not have a practice of cash settlement for these awards.

Futher, in accordance with Para 43B-43C, Ind AS 102 Share based payments, although the Company is receiving the services of employees to whom share options are granted. But the options granted are not of its own equity instruments and the Company has no obligation to settle the share-based payment transaction.

Hence, the stock compensation cost in the books of the Company shall be recorded as cash-settled transaction.

Particulars	31 March 2021
Fair value of the equity share as on grant date	₹ 143.40
Weighted average fair values at the measurement date	₹ 100
Expected life of share options (years)	7.50
Expected volatility (%)	27.5%
Dividend yield (%)	0.0%
Risk–free interest rate (%)	6.3%
Weighted average share price (INR)	₹ 100
Model used	Black Scholes Merton

Expected volatility during the expected life of the option can be estimated using historical volatility of the underlying asset observed during the period equivalent to the expected life of the option.

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

47 Fair value measurement

47.1 Financial assets and liabilities

The carrying amounts and fair values of financial instruments by category are as follows:

Particulars	Note	As at 31 March 2021	As at 31 March 2020
Financial assets measured at fair value			
Investments	9	1,76,015.30	1,88,290.44
Financial assets measured at amortised cost			
Cash and cash equivalents	5	10,299.95	1,944.54
Bank balance other than cash and cash equivalents	6	6,375.55	26.73
Trade receivables	7	-	451.15
Loans	8	52,934.93	10,894.06
Investments	9	80,489.92	1,66,012.72
Other financial assets	10	2,839.97	23.97
Total		**3,28,955.62**	**3,67,643.61**

Particulars	Note	As at 31 March 2021	As at 31 March 2020
Financial liabilities measured at amortised cost			
Other payables	16	791.17	47.47
Debt securities	17	1,67,180.74	2,47,366.95
Borrowings (other than debt securities)	18	40,145.75	23,722.71
Subordinated liabilities	19	993.38	992.48
Other financial liabilities	20	6,630.25	531.68
Total		**2,15,741.29**	**2,72,661.29**

47.2 Fair value hierarchy of assets and liabilities

The fair value of financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation sale. Methods and assumptions used to estimate the fair values are consistent in all the years. Fair value of financial instruments referred to in note above has been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identical assets and liabilities and lowest priority to unobservable entity specific inputs.

The categories used are as follows:

Level 1: Quoted prices (unadjusted) for identical instruments in an active market;

Level 2: Directly (i.e. as prices) or indirectly (i.e. derived from prices) observable market inputs, other than Level 1 inputs; and

Level 3: Inputs which are not based on observable market data (unobservable inputs).

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

Particulars	As at 31 March 2021	As at 31 March 2020
Level 1 (Quoted prices in active market)		
Financial assets measured at FVTPL		
Investments in quoted equity instruments	-	3,796.75
Investments in bonds and debentures	1,68,452.97	1,42,655.88
Financial assets measured at FVTPL		
Investments in mutual funds	6,927.30	34,418.53
Investments in alternative investment funds	-	7,409.30
Investment in Futures	635.03	9.98
	1,76,015.30	**1,88,290.44**

47.3 Fair value of financial instruments measured at amortised cost

Set out below is a comparison, by class, of the carrying amounts and fair values of the Company's financial instruments measured at amortised cost.

Particulars	As at 31 March 2021		As at 31 March 2020	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets:				
Cash and cash equivalents	10,299.95	10,299.95	1,944.54	1,944.54
Bank balance other than cash and cash equivalents	6,375.55	6,375.55	26.73	26.73
Trade receivables	-	-	451.15	451.15
Loans	52,934.93	52,934.93	10,894.06	10,894.06
Investments	80,489.92	80,489.92	1,66,012.72	1,66,012.72
Other financial assets	2,839.97	2,839.97	23.97	23.97
Total financial assets	**1,52,940.32**	**1,52,940.32**	**1,79,353.17**	**1,79,353.17**
Financial liabilities:				
Other Payables	791.17	791.17	47.47	47.47
Debt securities	1,67,180.74	1,67,180.74	2,47,366.95	2,47,366.95
Borrowings (other than debt securities)	40,145.75	40,145.75	23,722.71	23,722.71
Subordinated liabilities	993.38	993.38	992.48	992.48
Other financial liabilities	6,630.25	6,630.25	531.68	531.68
Total financial liabilities	**2,15,741.29**	**2,15,741.29**	**2,72,661.29**	**2,72,661.29**

47.4 Valuation methodologies of financial instruments measured at amortised cost

Below are the methodologies and assumptions used to determine fair values for the above financial instruments which are not recorded and measured at fair value in the financial statements. These fair values were calculated for disclosure purposes only. The below methodologies and assumptions relate only to the instruments in the above tables.The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

Financial assets at amortised cost

The fair value of loans given to customers are estimated using a discounted cash flow model based on contractual cash flows using actual or estimated yields.

The fair value of investments are estimated using a cash flow model based on contractual cash flows using actual maturities.

Financial liability at amortised cost

The fair value of borrowings, debt securities and subordinate liabilities are estimated using a discounted cash flow model based on contractual cash flows using actual or estimated yields.

Short term financial assets and laibilities

The fair value of cash and cash equivalents, bank balances, trade receivables, other financial assets and other financial liabilities approximate their carrying amount largely due to the short-term nature of these instruments. The Company's loans have been contracted at market rates of interest. Accordingly, the carrying value of these approximates fair value.

48 Risk management

The Company is a Systemically Important-Non Deposit Taking-Non-Banking Financial Company (NBFC-ND-SI) registered with the Reserve Bank of India. On account of it's business activities it is exposed to various financial risks associated with financial products such as credit or default risk, market risk, interest rate risk, liquidity risk and inflationary risk. However, the Company has a robust financial risk management system in place to identify, evaluate, manage and mitigate various risks associated with its financial products to ensure that desired financial objectives are met. The Company's senior management is responsible for establishing and monitoring the risk management framework within its overall risk management objectives and strategies, as approved by the Board of Directors. Such risk management strategies and objectives are established to identify and analyse potential risks faced by the Company, set and monitor appropriate risk limits and controls, periodically review the changes in market conditions and assess risk management performance. Any change in Company's risk management objectives and policies needs prior approval of it's Board of Directors.

This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements.

Risk	Exposure arising from	Measurement	Risk management
Credit risk	Financial assets (excluding cash in hand)	Ageing analysis and credit risk modelling	Structured and standardized credit appraisal process, field credit assessment, diversification of asset base, credit limits and collaterals taken for assets, wherever applicable
Liquidity risk	Financial liabilities	Cash flow forecasts	Committed borrowing and other credit facilities and sale of loan assets (whenever required)
Market risk - interest rate	Investments	Sensitivity analysis	Review of fair valuation of investments
Market risk - security price	Investments	Sensitivity analysis	Diversification of portfolio with focus on strategic investments

The Company has a risk management policy which covers all the risk associated with its assets and liabilities. The Company has implemented comprehensive policies and procedures to assess, monitor and manage risk throughout the Company. The risk management process is continuously reviewed, improved and adapted in tandem with internal metamorphosis and changing external environment. The process of continuous evaluation of risk also includes taking stock of the risk landscape on an event-driven basis.

The Company has an elaborate process for risk management. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis. The Company's treasury is responsible for managing its assets and liabilities, liquidity position, and the overall financial structure. It is also primarily responsible for the funding and interest rate risks of the Company.

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

48.1 Credit risk

A. Investments

This risk is common to all investors who invest in bonds and debt instruments and it refers to a situation where a particular bond issuer is unable to make the expected principal payments, interest rate payments, or both. Similarly, a lender bears the risk that the borrower may default in the payment of contractual interest or principal on its debt obligations, or both. The Company continuously monitors defaults of customers and other counterparties and incorporates this information into its credit risk controls.

B. Loans

Credit risk is the risk that a customer or counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company's substantial income is generated from lending to retail customers and therefore credit risk is the principal risk associated with the business.

The credit risk management policy of the Company seeks to have following controls and key metrics that allows risks to be identified, assessed, monitored and reported in a timely and efficient manner in compliance with regulatory requirements.

- Standardize the process of identifying new risks and designing appropriate controls for these risks
- Minimize losses due to defaults or untimely payments by borrowers
- Maintain an appropriate credit administration and loan review system
- Establish metrics for portfolio monitoring
- Design appropriate credit risk mitigation techniques

48.1. 1 Risk identification

Credit risk may originate in one or multiple of following ways mentioned below:

- Adverse selection of target market for undertaking lending activity (negative villages, migrant occupations, negative communities, etc.)
- Gap in credit assessment of borrower's credit worthiness (Failure to collect KYC documents, verify residential address, assess income source, determine validity of legal property documents)
- Security gaps or temporary technical glitches in the loan origination application of the company leading to loans being sanctioned to ineligible individuals
- Undue influence of Animator/Representative on customers (political influence / middlemen influencing decisions of customers)
- Over-borrowing by customers
- Upper cap on loan ticket size
- Improper use of loan amount than the designated activity
- Over-concentration in any geography/branch/zone etc.

Credit risk in investments may originate in one or multiple of following ways mentioned below:

- Adverse economic environment / regulatory changes impacting the credit / liquidity profile of underlying issuers
- Financial stress due to internal factors (such as over-leveraging by underlying issuers) resulting in lower demand for the security in the secondary market or leading to an impact on the issuer's ability to service debt obligations
- Any financial stress in the group entities of the underlying issuer impacting its refinancing ability
- Deterioration in the value of underlying collateral
- Aggressive growth / policies affecting the asset quality and in turn profitability and refinancing options
- Material frauds by promoters / key management personnel / employees
- Breach of any covenants triggering cross-default / liquidity shocks

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

48.1. 2 Risk assessment and measurement

The Company assesses and manages credit risk based on internal credit rating system. Internal credit rating is performed for each class of financial instruments with different characteristics. The Company assigns the following credit ratings to each class of financial assets based on the assumptions, inputs and factors specific to the class of financial assets.

(i) Low credit risk

(ii) Moderate credit risk

(iii) High credit risk

The Company provides for expected credit loss based on the following:

Risk	Assets covered	Basis of expected credit loss
Low credit risk	Cash and cash equivalents (excluding cash on hand), other bank balances, investments, loans, trade receivables and other financial assets	12 month expected credit loss
Moderate credit risk	Loans and investments	Life time expected credit loss or 12 month expected credit loss
High credit risk	Loans and investments	Life time expected credit loss or fully provided for

48.1. 3 Risk monitoring

Monitoring and follow up is an essential element in the overall risk management framework and is taken up very seriously at all levels within the organization. Monitoring and controlling risks is primarily performed based on limits established by the Company.

Investments - Risk concentration is minimized by investing in highly rated, investment grade bonds and debt instruments which have a very low risk of default. The Company lends to borrowers with a good credit score and generally most of the lending is secured against assets pledged by the borrower in favour of the Company. These investments are reviewed by the Board of Directors on a regular basis.

Loans - Borrower risk categorization is an effective tool to flag potential problems in the loan accounts and identify if any corrective action plan are to be taken. The Company regularly monitors borrower repayments and borrowers are accordingly categorized in low risk and high risk.

The performance indicators are continuously generated through monitoring alerts in the loan origination flow and post disbursal flow to highlight areas requiring attention and action. Monitoring includes diagnostic studies of problem areas in collections performance and proactively taking actions.

The risk monitoring metrics have been defined to track performance at each stage of the loan life cycle:

- Credit Origination - KYC pendency, if any; deviation index from the defined policies and procedures
- Credit sanction - Disbursement to high risk rated borrowers; early delinquency due to fraud
- Credit monitoring -
- Portfolio at risk - The metrics provides an indication of potential losses that may arise from overdue accounts. (loans with staging more than 90 Days past due);
- Static pool analysis - Provides an indication about the portfolio performance vis-a-vis the vintage of the loans and helps compare performance of loans generated in different time periods
- Collection and recovery - collection efficiency, roll forward rates and roll backward rates.

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

48.1. 4 Risk mitigation

Risk Mitigation or risk reduction is defined as the process of reducing risk exposures and/or minimizing the likelihood of incident occurrence.

Investments

With respect to investments, the Company maintains a well-diversified portfolio of investments in shares and securities which are saleable at any given point of time. A dedicated team of market experts are monitoring the markets on a continuous basis, which advises the management for timely purchase or sale of securities.

Loans

The Company has created mechanisms for underwriting credit and risk policy for digital personal loans and housing loans. The following risk mitigation measures has been suggested at each stage of loan life cycle:

- Loan origination - profile/income selection, document verification process, KYC checks, creditworthiness checks based on CIBIL, fraud database checks, device data, regular updates to loan origination application based on security gaps and technical glitches identified etc
- Loan underwriting - Risk rating, credit assessment, independent assessment of legal validity and value of property by experts etc.
- Loan pre and post disbursement - disbursement in the bank account only, loan utilisation checks
- Loan collection and recovery - monitor repayments, days past due review, DPD stagewise collection framework
- Apropriate policy-driven loan origination and collection process.

It is the Company's policy to ensure that a robust risk awareness is embedded in its organisational risk culture. Employees are expected to take ownership and be accountable for the risks the Company is exposed to and that they decide to take on. Continuous training and development emphasises that employees are made aware of the Company's risk appetite and they are supported in their roles and responsibilities to monitor and keep their exposure to risk within the Company's risk appetite limits. Compliance breaches and internal audit findings are important elements of employees' annual ratings and remuneration reviews.

48.1. 5 Impairment assessment

Investments

The Company has commenced the treasury operations in investments in the year ended 31 March 2020 and all investments carried at amortised cost are categorised under respective stages. The Company has assessed the impairment allowance on the basis of EAD*PD*LGD. The default rates for these investments are considered as reported by external credit rating agencies. Exposure at default (EAD) is the carrying value of the investments (net of credit enhancement).

Loans

The Company is also engaged in the business of providing loans and access to credit to the customers. The tenure of which is ranging from 3 month to 36 months for its personal loan product and 5 years to 25 years for its housing loan product.

The Company's impairment assessment and measurement approach is set out in this note. It should be read in conjunction with the Summary of significant accounting policies Note 4.8.1 (Overview of the Expected Credit Loss).

Definition of default and cure

The Company considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments.

As a part of a qualitative assessment of whether a customer is in default, the Company also considers a variety of instances that may indicate unlikeliness to pay. When such events occur, the Company carefully considers whether the event should result in treating the customer as defaulted and therefore assessed as Stage 3 for ECL calculations or whether Stage 2 is appropriate.

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

It is the Company's policy to consider a financial instrument as 'cured' and therefore re-classified out of Stage 3 when the due amount have been paid. The decision whether to classify an asset as Stage 2 or Stage 1 once cured depends on the updated credit grade, at the time of the cure, and whether this indicates there has been a significant increase in credit risk compared to initial recognition.

The Company's internal credit rating grades and staging criteria for loans are as follows:

Internal rating grade	Internal rating description	Stages
Performing		
Standard grade - no overdue	No over due	Stage I
Standard grade - past due	DPD 1 to 30	Stage I
	DPD 31 to 60	Stage II
	DPD 61 to 89	Stage II
Non-performing		
Sub-standard grade	DPD => 90	Stage III

Frequency of recognition

Riskiness of a financial asset is recognized in the following frequency: -

- At the time of initial recognition all financial assets are recognized as low credit risk.

- Assets are evaluated on a monthly frequency till the time it is fully repaid and closed; they are evaluated basis their days past due (DPD) status at every month-end, and risk classification is made accordingly.

- An asset may be re-recognized if there is adverse field information regarding client default.

Forward looking approach

ECL is based on history of financial asset and also includes forward-looking statement. Ind-AS does not mandate to forecast about the future conditions over the entire expected life of a financial asset, and ensures to extrapolate projection from available, detailed information. These includes : -

- Internal historical credit loss experience

- Industry trend of credit loss of homogeneous assets

- Historical credit loss experience of other similar assets to homogeneous set of customers

- Changes in underwriting capacity, collection efficiency, and management strength

- Macroeconomic factors such as interest rates, industry policies, GDP growth, inflation, etc.

- Regulatory factors such as systemic risk events, policy changes, and statutory guidelines

- Systemic events such as demonetization, Andhra Pradesh crisis, etc and special situations such as floods, cyclone, earthquake, etc.

Measurement of ECL

Expected Credit Loss or ECL is measured in the following manner. The Company calculates ECL based on probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to the Company in accordance with the contract and the cash flows that the Company expects to receive.

ECL = PD*LGD*EAD

Each item is defined as follows: -

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

ECL - Expected credit loss

Present value of difference between contractual cash flows and actual cash flows expected to be received over a given time horizon

PD - Probability of default

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

LGD - Loss given default

The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the Company would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD

EAD- Exposure at default

Cash flows that are at risk of default over a given time horizon, The Exposure at Default is an estimate of the exposure at a future default date.

i) Expected credit losses for financial assets other than loans

As at 31 March 2021	Estimated gross carrying amount at default	Expected credit losses	Carrying amount net of impairment provision
Cash and cash equivalents	10,299.95	-	10,299.95
Bank balance other than cash and cash equivalents	6,375.55	-	6,375.55
Trade receivables	-	-	-
Investments	2,58,232.09	1,726.87	2,56,505.22
Other financial assets	2,839.97	-	2,839.97

As at 31 March 2020	Estimated gross carrying amount at default	Expected credit losses	Carrying amount net of impairment provision
Cash and cash equivalents	1,944.54	-	1,944.54
Bank balance other than cash and cash equivalents	26.73	-	26.73
Trade receivables	451.15	-	451.15
Investments	3,54,567.16	264.00	3,54,303.16
Other financial assets	23.97	-	23.97

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

Credit quality of assets

Loans

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

Particulars	As at 31 March 2021				As at 31 March 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Internal rating grade								
Performing								
Standard grade- No Over Due	54,617.60	-	-	54,617.60	9,124.62	-	-	9,124.62
Standard grade- DPD 1 to 30	2,127.92	-	-	2,127.92	1,563.40	-	-	1,563.40
Standard grade- DPD 31 to 60	-	1,475.52	-	1,475.52	-	233.51	-	233.51
Standard grade- DPD 61 to 89	-	1,592.64	-	1,592.64	-	67.03	-	67.03
Non- performing								
Sub-standard grade- DPD > 89	-	-	2,792.64	2,792.64	-	-	579.91	579.91
Total	**56,745.52**	**3,068.16**	**2,792.64**	**62,606.32**	**10,688.02**	**300.54**	**579.91**	**11,568.47**

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to Portfolio loans is, as follows:

Particulars	FY 2020-21				FY 2019-20			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount -opening balance	**10,688.02**	**300.54**	**579.91**	**11,568.47**	**4,702.03**	**171.20**	**475.61**	**5,348.84**
New assets originated	56,642.46	3,067.22	2,446.88	62,156.56	9,330.67	185.06	35.99	9,551.72
Movement between stages								
Transferring from Stage 1	(161.56)	9.85	151.71	-	(276.08)	201.73	74.35	-
Transferring from Stage 2	7.40	(39.25)	31.85	-	35.47	(70.45)	34.98	-
Transferring from Stage 3	0.71	-	(0.71)	-	3.39	3.91	(7.30)	-
Assets repaid, derecognized and written off	(10,431.51)	(270.20)	(417.00)	(11,118.71)	(3,107.46)	(190.91)	(33.72)	(3,332.09)
Gross carrying amount- closing balance	**56,745.52**	**3,068.16**	**2,792.64**	**62,606.32**	**10,688.02**	**300.54**	**579.91**	**11,568.47**

Note : new assets originated is presented net of collections made.

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

Reconciliation of ECL balance on loans is given below:

Particulars	FY 2020-21				FY 2019-20			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Impairment allowance - opening balance	**422.25**	**15.32**	**236.84**	**674.41**	**30.78**	**9.62**	**154.36**	**194.76**
New assets originated	5,217.22	1,895.50	2,343.38	9,456.10	359.96	5.49	5.79	371.24
Movement between stages								
Transfers to Stage 1	(2.12)	0.30	1.82	-	(1.99)	1.41	0.58	-
Transfers to Stage 2	0.35	(1.60)	1.25	-	2.04	(5.36)	3.32	-
Transfers to Stage 3	0.08	-	(0.08)	-	0.91	1.26	(2.17)	-
Additional provision created during the year/(Assets repaid, derecognized and written off)	(417.82)	(13.34)	(27.96)	(459.12)	30.55	2.90	74.96	108.41
Impairment allowance - closing balance	**5,219.96**	**1,896.18**	**2,555.25**	**9,671.39**	**422.25**	**15.32**	**236.84**	**674.41**

Note - new assets originated is presented net of collections made.

Investments

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

Particulars	FY 2020-21				FY 2019-20			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Internal rating grade								
Performing								
Standard grade- DPD 0 to 30	21,131.91	-	-	21,131.91	1,33,744.69	-	-	1,33,744.69
Standard grade- DPD 31 to 60	-	-	-	-	-	-	-	-
Non-performing								
Standard grade- DPD >61	-	-	2,274.41	2,274.41	-	-	-	-
	21,131.91	**-**	**2,274.41**	**23,406.32**	**1,33,744.69**	**-**	**-**	**1,33,744.69**

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to investments is, as follows:

Particulars	FY 2020-21				FY 2019-20			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount -opening balance	**1,33,744.69**	**-**	**-**	**1,33,744.69**	**-**	**-**	**-**	**-**
New assets originated*	500.00	-	-	500.00	1,33,744.69	-	-	1,33,744.69
Movement between stages								
Transferring from Stage 1	(2,999.93)		2,999.93	-	-	-	-	-

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

48.1. 5 Impairment assessment (Contd..)

Particulars	FY 2020-21				FY 2019-20			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Transferring from Stage 2	-	-	-	-	-	-	-	-
Transferring from Stage 3	-	-	-	-	-	-	-	-
Assets repaid, derecognized and written off	(1,10,112.84)	-	(725.52)	(1,10,838.36)				
Gross carrying amount- closing balance	**21,131.91**	**-**	**2,274.41**	**23,406.32**	**1,33,744.69**	**-**	**-**	**1,33,744.69**

*Excludes investment in unlisted compulsorily convertible debentures of the subsidiary company amounting to ₹ 11,400 lakhs as on 31 March 2020.

Note: new assets originated is presented net of repayments made.

Reconciliation of ECL balance on investments is given below:

Particulars	FY 2020-21				FY 2019-20			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Impairment allowance - opening balance	264.00	-	-	264.00	-	-	-	-
New assets originated	17.32	-	-	17.32	264.00	-	-	264.00
Movement between stages								
Transfers to Stage 1	(3.90)	-	3.90	-	-	-	-	-
Transfers to Stage 2	-	-	-	-	-	-	-	-
Transfers to Stage 3	-	-	-	-	-	-	-	-
Additional provision created during the year/(Assets repaid, derecognized and written off)	(256.36)	-	1,701.91	1,445.55	-	-	-	-
Impairment allowance - closing balance	**21.06**	**-**	**1,705.81**	**1,726.87**	**264.00**	**-**	**-**	**264.00**

Note: new assets originated is presented net of repayments made.

48.2 Liquidity risk and funding management

In assessing the Company's liquidity position, consideration shall be given to: (a) present and anticipated asset quality (b) present and future earnings capacity (c) historical funding requirements (d) current liquidity position (e) anticipated future funding needs, and (f) sources of funds. The Company maintains a well-diversified portfolio of investments in shares and securities which are saleable at any given point of time. A dedicated team of market experts are monitoring the markets on a continuous basis, which advises the management for timely purchase or sale of securities. The Company is currently having a mix of both short-term and long-term investments. The Company maintains a portfolio of other marketable assets that are assumed to be easily liquidated and undrawn cash credit limits which can be used in the event of an unforeseen interruption in cash flow. The Company also enters into direct assignment transactions of their loan portfolio, the funding from which can be accessed to meet liquidity needs. In accordance with the Company's policy, the liquidity position is assessed under a variety of scenarios, giving due consideration to stress factors relating to both the market in general and specifically to the Company. Net liquid assets consist of cash, short–term bank deposits and investments in mutual funds and other investments in securities which are categorised as "held for sale" and are available for immediate sale, less issued securities and borrowings due to mature within the next month. Borrowings from banks and financial institutions, issue of debentures and bonds are considered as important sources of funds to finance lending to customers. They are monitored using the advances to borrowings ratio, which compares loans and advances to customers as a percentage of secured and unsecured borrowings.

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

48.2. 1. Analysis of financial assets and liabilities by remaining contractual maturities

The tables below analyse the Company's financial assets and liabilities into relevant maturity groupings based on their contractual maturities.

The amounts disclosed in the table are the contractual cash flows:

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

Internal rating grade	Less than 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
Financial assets					
Cash and cash equivalents	10,299.95	-	-	-	10,299.95
Bank balance other than cash and cash equivalents	6,375.55	-	-	-	6,375.55
Trade receivables	-	-	-	-	-
Loans	40,373.28	12,092.73	215.77	253.15	52,934.93
Investments	2,12,726.04	8,321.28	2,831.79	32,626.11	2,56,505.22
Other financial assets	2,837.09	2.88	-	-	2,839.97
Total financial assets	**2,72,611.91**	**20,416.89**	**3,047.56**	**32,879.26**	**3,28,955.62**
Financial liabilities					
Other payables	791.17	-	-	-	791.17
Debt securities	1,40,205.58	26,975.16	-	-	1,67,180.74
Borrowings	36,943.04	3,176.40	26.28	-	40,145.72
Subordinated liabilities	-	-	993.38	-	993.38
Other financial liabilities	6,630.25	-	-	-	6,630.25
Total financial liabilities	**1,84,570.04**	**30,151.56**	**1,019.66**	**-**	**2,15,741.26**
Net undiscounted financial assets/(liabilities)	**88,041.87**	**(9,734.67)**	**2,027.90**	**32,879.26**	**1,13,214.36**

Maturity pattern of assets and liabilities as on 31 March 2020:

Internal rating grade	Less than 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
Financial assets					
Cash and cash equivalents	1,944.54	-	-	-	1,944.54
Bank balance other than cash and cash equivalents	-	26.73	-	-	26.73
Trade receivables	451.15	-	-	-	451.15
Loans *	7,526.03	3,238.16	129.25	0.62	10,894.06
Investments	2,55,344.23	70,232.27	7,233.38	21,493.28	3,54,303.16
Other financial assets	12.42	11.55	-	-	23.97
Total financial assets	**2,65,278.37**	**73,508.71**	**7,362.63**	**21,493.90**	**3,67,643.61**
Financial liabilities					
Other Payables	47.47	-	-	-	47.47
Debt securities	2,47,366.95	-	-	-	2,47,366.95

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

48.2. 1. Analysis of financial assets and liabilities by remaining contractual maturities (Contd..)

Internal rating grade	Less than 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
Borrowings	621.91	23,100.80	-	-	23,722.71
Subordinated Liabilities	-	-	992.48	-	992.48
Other financial liabilities	531.68	-	-	-	531.68
Total financial liabilities	**2,48,568.01**	**23,100.80**	**992.48**	**-**	**2,72,661.29**
Net undiscounted financial assets/(liabilities)	**16,710.36**	**50,407.91**	**6,370.15**	**21,493.90**	**94,982.32**

*Amounts disclosed as on 31 March 2020 is per anticipated repayment pattern owing to moratorium given to customers on account of COVID-19 pandemic as per RBI guidelines.

48.2. 2 Systemic risk

Systemic risk refers to the risk of a breakdown of an entire system rather than simply the failure of individual parts. In a financial context, it denotes the risk of a cascading failure in the financial sector, caused by linkages within the financial system, resulting in a severe economic downturn.

The COVID-19, a systemic risk and a global pandemic has affected the world economy including India, leading to significant decline and volatility in financial markets and decline in economic activities. The national lockdown announced on 23 March 2020 affected activities of organizations across the economic ecosystem, impacting earning prospects and valuations of companies and creating huge volatility in the stock markets. The impact of COVID-19 on Company's result remain uncertain and will dependent on future developments including the second wave that has significantly increased the number of cases in India.

The Company is continuously assessing the potential impact of the COVID-19 on it's operations. During such an uncertain period the focus of the management is to be financialy well capitalised and maintain adequate liquidity to service its obligations, sustain its operations and also look at any appropriate investment/lending opportunities.

48.3 Market risk

Market risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market factor. It is a form of systematic risk associated with the day-to-day fluctuation in the market prices of shares and securities and such market risk affects all securities and investors in the same manner. These daily price fluctuations follows its own broad trends and cycles and are more news and transaction driven rather than fundamentals and many a times, it may affect the returns from an investment. Market risks majorly comprises of two types - interest rate risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risks include borrowings and investments.

Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. It is a type of systematic risk that particularly affects fixed rate debt instruments like bonds and debentures. The value of the fixed-rate debt instruments generally decline due to rise in interest rates and vice versa. The rationale is that a bond is a promise of a future stream of payments; an investor will offer less for a bond that pays-out at a rate lower than the rates offered in the current market. A rising interest rate scenario also affects the Company's interest expenditure on borrowed funds.

The Company monitors the interest rate scenarios on a regular basis and accordingly takes investments decisions as whether to invest in fixed rate debt instruments, shares and securities at a particular point of time. Further, the Company's borrowings carry a fixed rate of interest and the Company is in a position to pass on the rise in interest rates to its borrowers.

The Company's investments in debt instruments and pass through certificates are all fixed interest bearing instruments. Refer the price sensitvity analysis given below.

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

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

48.3 Market risk (Contd..)

Particulars	Effect on Statement of Profit and loss for the year 2020-21	Effect on Statement of Profit and loss for the year 2019-20
0.50% increase	340.57	123.58
0.50% decrease	(340.57)	(123.58)

Price risk

Price risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market traded price. It arises from financial assets such as investments in equity instruments, bonds, mutual funds etc. The Company is exposed to price risk arising mainly from investments carried at fair value through profit and loss which are valued using quoted prices in active markets (level 1 investments). A sensitivity analysis demonstrating the impact of change in market prices of these instruments from the prices existing as at the reporting date is given below:

Particulars	As at 31 March 2021	As at 31 March 2020
Investments carried at FVTPL valued using quoted prices in active market	1,76,015.30	1,88,290.44

Particulars	Effect on Statement of Profit and loss for the year 2020-21	Effect on Statement of Profit and loss for the year 2019-20
1% increase	1,760.15	1,882.90
1% decrease	(1,760.15)	(1,882.90)

49 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM) of the Company. The CODM is responsible for allocating resources and assessing performance of the operating segments of the Company. The Company is in a single business segment (primary segment) of giving loans and making investments. The entire revenues are billable within India and there is only one geographical segment (secondary segment).

50 Transferred financial assets that are not derecognised in their entirety

There are no transferred financial assets that are not derecognized in it's entirety for the year ended 31 March 2021 and 31 March 2020.

51 Expenditure in foreign currency

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Advertisement expenses	23.12	-
Travel expenses reimbursement	-	5.01

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

52 Additional disclosures as required by the Reserve Bank of India: -

(A) Disclosure as per Master Direction DNBR.PD.008/03.10.119/2016-17 (updated as on 17 February 2020) are as under:-

(i) Capital to Risk Assets Ratio ("CRAR"):-

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
CRAR (%)	38.04%	20.80%
CRAR – Tier I capital (%)	36.56%	20.57%
CRAR – Tier II capital (%)	1.48%	0.23%
Amount of subordinated debt raised during the year included in Tier-II capital	600.00	800.00

Discounted value of ₹ 600.00 lakhs (31 March 2020: ₹ 800.00 lakhs) considered for Tier II capital against the book value of ₹ 1,000.00 lakhs (31 March 2020: ₹ 1,000.00 lakhs).

53 Investments

Particulars	As at 31 March 2021	As at 31 March 2020
(1) Value of investments		
(i) Gross value of investments	2,58,232.09	3,54,567.16
(a) In India	2,58,232.09	3,54,567.16
(b) Outside India	-	-
(ii) Impairment provisions on investments	(1,726.87)	(264.00)
(a) In India	(1,726.87)	(264.00)
(b) Outside India	-	-
(iii) Net value of investments	2,56,505.22	3,54,831.16
(a) In India	2,56,505.22	3,54,303.16
(b) Outside India	-	-
(2) Movement of impairment provisions on investments		
(i) Opening balance	264.00	-
(ii) Add : Provisions made during the year	1,719.23	264.00
(iii) Less : Write-off/write-back of excess provisions during the year	(256.36)	-
(iv) Closing balance	1,726.87	264.00

54 Derivatives

Exchange Traded Interest Rate (IR) Derivatives

Particulars	As at 31 March 2021	As at 31 March 2020
i) Notional principal amount of exchange traded IR derivatives undertaken during the year		
Scrip names		
a) 645GS2029	2,43,977.73	1,83,727.29
b) 726GS2029	-	678.96
c) 577GS2030	1,89,003.79	-
d) 579GS2030	16,188.78	-

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

54 Derivatives (Contd..)

Particulars	As at 31 March 2021	As at 31 March 2020
e) 585GS2030	75,512.64	-
ii) Notional principal amount of exchange traded IR derivatives outstanding as on 31st March		
a) Scrip no. 577GS2030	8,237.24	-
b) Scrip no. 585GS2030	974.53	-

Exchange Traded Interest Rate (IR) Derivatives

Particulars	As at 31 March 2021	As at 31 March 2020
iii) Notional principal amount of exchange traded IR derivatives outstanding and not ""highly effective"" (instrument-wise)"	NA	NA
iv) Mark-to-market value of exchange traded IR derivatives outstanding and not ""highly effective"" (instrument-wise)"	NA	NA

55 Disclosure as per RBI circular no.DBOD.No.BP.BC.60/21.04.048/200506 dated February 1, 2006

55.1 Details of financial assets sold to securitisation

Particulars	As at 31 March 2021	As at 31 March 2020
Disclosures relating to securitisation	Nil	Nil

55.2 Details of financial assets sold to securitisation/reconstruction company for asset reconstruction:

The Company has not sold any financial assets to Securitisation/Reconstruction company for asset reconstruction during the year ended 31 March 2021 and 31 March 2020.

55.3 Detail of assignment transactions:-

Particulars	As at 31 March 2021	As at 31 March 2020
No. of accounts	-	1,024
Aggregate Value (net of provisions) of accounts sold	-	199.37
Aggregate consideration	-	199.37
Additional consideration realized in respect of accounts transferred in earlier years	-	-
Aggregate gain/loss over net book value	-	-

55.4 Details of non-performing financial assets sold

Particulars	As at 31 March 2021	As at 31 March 2020
No. of accounts	2,320	-
Aggregate Value (net of provisions) of accounts sold	539.44	-

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

55.4 Details of non-performing financial assets sold

Particulars	As at 31 March 2021	As at 31 March 2020
Aggregate consideration	557.55	-
Aggregate gain/loss over net book value	18.11	-

The Company has not purchased non-performing financial assets during the year ended 31 March 2021 and 31 March 2020.

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

As at 31 March 2021

Particulars	Upto 7 days	Over 08 days upto 14 days	Over 15 days upto 1 months	Over 1 month upto 2 months	Over 2 months upto 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
Liabilities											
Borrowings	20,658.03	10,125.03	358.68	525.78	527.97	1,41,785.20	3,167.96	30,151.56	1,019.66	-	**2,08,319.87**
Assets											
Loans	1,367.22	352.64	591.66	4,420.94	4,111.35	11,868.19	17,661.28	12,092.73	215.77	253.15	**52,934.93**
Investments	1,55,082.25	16,765.02	480.02	714.11	31,431.42	3,103.15	5,150.07	8,321.28	2,831.79	32,626.11	**2,56,505.22**

As at 31 March 2020

Particulars	Upto 7 days	Over 08 days upto 14 days	Over 15 days upto 1 months	Over 1 month upto 2 months	Over 2 months upto 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
Liabilities											
Borrowings	14.81	8.33	35.58	59.27	59.59	2,47,538.40	272.88	23,103.65	989.63	-	**2,72,082.14**
Assets											
Loans (refer note ii below)	22.77	22.77	52.30	268.64	317.20	3,992.77	2,849.58	3,238.16	129.25	0.62	**10,894.06**
Investments	1,10,066.78	4,678.48	5,920.88	12,301.68	19,784.92	47,481.38	55,110.11	70,232.27	7,233.38	21,493.28	**3,54,303.16**

Notes:

i) Above mentioned portfolio (own) does not include undrawn facilities, since there are no sanctioned disbursement schedule.

ii) Amounts disclosed as on 31 March 2020 is per anticipated repayment pattern owing to moratorium given to customers on account of COVID-19 pandemic as per the RBI guidelines.

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

57 Exposures

(i) Exposure to Real Estate Sector:-

Particulars	As at 31 March 2021	As at 31 March 2020
A. Direct exposure		
i) Residential mortgages	521.92	1,348.88
(Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented;)		
ii) Commercial real estate:		
(Lending secured by mortgages on commercial real estates office buildings, retails space, multipurpose commercial premises, multi-family residential buildings, multi - tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits)	Nil	Nil
iii) Investments in Mortgage Backed Securities (MBS) and other securitized exposures -		
a) Residential	Nil	Nil
b) Commercial real estate	Nil	Nil

ii) Exposure to capital market

The Company does not have any exposure to capital market as at 31 March 2021 and 31 March 2020.

iii) Unhedged foreign currency exposure

The details of foreign currency exposures that are not hedged by derivative instrument or otherwise are as mentioned below:

Particulars	As at 31 March 2021		As at 31 March 2020	
	In original currency	In ₹	In original currency	In ₹
Trade payables				
USD	4,860.00	3,53,730.00	-	-

58 Details of financing of parent company products

The Company has not financed parent company products during the year ended 31 March 2021 and 31 March 2020.

59 Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the NBFC

The Company does not have single or group borrower exceeding the limits during the year ended 31 March 2021 and 31 March 2020.

60 Unsecured advances

The Company has not extended any advances where the collateral is an intangible asset such as a charge over rights, licenses, authorisations, etc. The unsecured advances of ₹ 61,984.40 lakhs (31 March 2020: ₹ 1,902.98 lakhs) disclosed in Note 8 are without any collateral or security.

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

61 Registration obtained from other financial sector regulators:-

The Company is registered with following other financial sector regulators:

(a) Ministry of Corporate Affairs (MCA)

(b) Ministry of Finance (Financial Intelligence Unit)

(c) Central Registry of Securitisation Asset Reconstruction and Security Interest of India (CERSAI)

62 Related party transactions

Please refer to note no 43 for related party transactions and related disclosures. ww

63 Provisions and contingencies

As at 31 March 2021

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
1	2	3	4	5=3-4	6	7 = 4-6
Performing assets						
Standard	Stage 1	56,745.53	5,219.96	51,525.57	226.98	4,992.98
	Stage 2	3,068.17	1,896.18	1,171.99	12.27	1,883.91
Subtotal		**59,813.70**	**7,116.14**	**52,697.56**	**239.25**	**6,876.89**
Non-Performing Assets (NPA)						
Substandard	Stage 3	2,585.73	2,368.28	217.45	258.95	2,109.33
Doubtful - up to 1 year	Stage 3	32.50	31.01	1.49	21.02	9.99
- 1 to 3 years	Stage 3	88.27	78.97	9.30	26.91	52.06
-More than 3 years	Stage 3	86.12	76.99	9.13	43.06	33.93
Subtotal for NPA		**2,792.62**	**2,555.25**	**237.37**	**349.94**	**2,205.31**
Total	**Stage 1**	**56,745.53**	**5,219.96**	**51,525.57**	**226.98**	**4,992.98**
	Stage 2	**3,068.17**	**1,896.18**	**1,171.99**	**12.27**	**1,883.91**
	Stage 3	**2,792.62**	**2,555.25**	**237.37**	**349.94**	**2,205.31**
	Total	**62,606.32**	**9,671.39**	**52,934.93**	**589.19**	**9,082.20**

As at 31 March 2020

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
1	2	3	4	5=3-4	6	7 = 4-6
Performing assets						
Standard	Stage 1	10,688.02	423.90	10,264.13	120.92	302.97
	Stage 2	300.54	15.32	285.22	16.23	(0.91)
Subtotal		**10,988.56**	**439.22**	**10,549.34**	**137.15**	**302.07**

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

63 Provisions and contingencies (Contd..)

As at 31 March 2020

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
Non-Performing Assets (NPA)						
Substandard	Stage 3	164.58	54.98	109.60	16.46	38.52
Doubtful - up to 1 year	Stage 3	121.77	50.81	70.96	24.35	26.46
- 1 to 3 years	Stage 3	293.56	131.05	162.51	88.07	42.98
-More than 3 years	Stage 3	-	-	-	-	-
Subtotal for NPA		**579.91**	**236.84**	**343.07**	**128.88**	**107.96**
Total	**Stage 1**	**10,688.03**	**422.25**	**10,265.78**	**120.92**	**302.97**
	Stage 2	**300.54**	**15.32**	**285.21**	**16.23**	**(0.91)**
	Stage 3	**579.91**	**236.84**	**343.07**	**128.88**	**107.96**
	Total	**11,568.47**	**674.41**	**10,894.06**	**266.03**	**410.03**

Break up of Provisions shown as expenditure in statement of profit and loss	For the year ended 31 March 2021	For the year ended 31 March 2020
Provision towards non peforming assets*	2,553.94	82.48
Provision towards standard assets*	6,921.82	397.17
Provision made towards income tax	5,173.63	1,243.87
Provision for gratuity**	42.57	3.25
Provision for compensated absences**	52.69	3.69

*During the year the company has sold two wheeler and housing portfolio having an impairment allowance of ₹ 478.76 lakhs as on the date of transfer. The same has been considered for arriving at the net gain on derecognition of financial instruments under ammortised category in Note No.29.

**Includes actuarial gain/(loss) classified under other comprehensive income.

64 Draw down from reserves:-

There has been no draw down from reserve during the year ended 31 March 2021 and 31 March 2020.

65 Concentration of advances, exposures and NPAs:-

65.1 Concentration of advances

Particulars	As at 31 March 2021	As at 31 March 2020
Concentration of advances		
Total advances to twenty largest borrowers	442.12	3,629.95
Percentage of Advances to twenty largest borrowers to total advances of the NBFC	0.71%	31.38%

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

65.2 Concentration of exposures

Particulars	As at 31 March 2021	As at 31 March 2020
Concentration of exposures		
Total exposure to twenty largest borrowers / customers	441.40	3,630.42
Percentage of exposures to twenty largest borrowers/customers to total exposure	0.70%	31.57%

65.3 Concentration of NPAs

Particulars	As at 31 March 2021	As at 31 March 2020
Concentration of NPAs		
Total exposure to top four NPA accounts**	10.55	12.08

**NPA accounts refer to stage 3 assets. Stage 3 assets includes financial assets that have objective evidence of impairment at the reporting date as defined under Ind-AS. 90 Days Past Due is considered as default for classifying a financial instrument as credit impaired.

65.4 Sector-wise NPAs#:-

Particulars	As at 31 March 2021	As at 31 March 2020
	Percentage of NPAs to total advance to that sector	
1. Agriculture & allied activities	0.20%	2.26%
2. MSME	0.00%	0.00%
3. Corporate borrowers	0.00%	0.00%
4. Services	0.03%	8.57%
5. Unsecured personal loans	4.77%	1.68%
6. Other personal loans	36.55%	5.97%

#NPA accounts refer to stage 3 assets. Stage 3 assets includes financial assets that have objective evidence of impairment at the reporting date as defined under Ind-AS. 90 days past due is considered as default for classifying a financial instrument as credit impaired.

66 Movement of NPAs

Particulars	As at 31 March 2021	As at 31 March 2020
i) **Net NPAs to net advances (%)**	0.45%	3.15%
ii) **Movement of NPAs (Gross)**		
Opening balance	579.91	475.61
Additions during the year	2,630.44	145.32
Reductions during the year	(417.71)	(41.02)
Closing balance	**2,792.64**	**579.91**
iii) **Movement of Net NPAs**		
Opening balance	343.07	321.25
Additions during the year	283.99	60.67
Reductions during the year	(389.67)	(38.85)
Closing balance	**237.39**	**343.07**

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

66 Movement of NPAs (Contd..)

Particulars	As at 31 March 2021	As at 31 March 2020
iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
Opening balance	236.84	154.36
Provisions made during the year	2,346.45	84.65
Write-off/write-back of excess provisions	(28.04)	(2.17)
Closing balance	**2,555.25**	**236.84**

67 Disclosure as required by para 19 of Non Banking Financial Company - Systemically Important non-deposit taking Company and deposit taking Company (Reserve Bank) Directions, 2016 is as under:

Particulars	As at 31 March 2021 Amount outstanding	As at 31 March 2020 Amount outstanding
Liabilities side		
1 Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid:		
a) Debentures		
Secured	27,418.86	-
Unsecured	1,40,205.58	2,47,366.95
(other than falling within the meaning of public deposits)		
b) Deferred credits	-	-
c) Term loans including accrued interest but not paid	40,182.56	24,033.98
d) Inter-corporate loans and borrowings	-	-
e) Commercial paper	-	-
f) Other loans:		
Other unsecured loans against assets of the Company	993.38	992.48
Secured loans against assets of the Company	-	-
Overdraft facility	-	-
2 Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):		
a) In the form of unsecured debentures	-	992.48
b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	-	-
c) Other public deposits	-	-

Assets side	As at 31 March 2021	As at 31 March 2021
3 Breakup of loans and advances including bills receivables		
a) Secured	621.92	9,665.49
b) Unsecured	61,984.40	1,902.98
4 Breakup 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	-	-

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

67 Disclosure as required by para 19 of Non Banking Financial Company - Systemically Important non-deposit taking Company and deposit taking Company (Reserve Bank) Directions, 2016 is as under: (Contd..)

Particulars	As at 31 March 2021 Amount outstanding	As at 31 March 2020 Amount outstanding
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	-	-
4 Breakup of investments		
Current investments		
I Quoted		
i Shares		
a) Equity	-	7,409.30
b) Preference	-	-
ii Debentures and bonds	1,21,658.90	1,25,869.80
iii Units of mutual funds	6,927.30	6,927.30
iv Government securities	46,794.07	46,794.07
v Others	635.03	635.03
II Unquoted		
i Shares		
a) Equity	-	3,796.75
b) Preference	-	-
ii Debentures and bonds	-	26,539.96
iii Units of mutual funds	-	34,418.53
iv Government securities	-	-
v Others	26,184.33	57,342.05
Long term investments		
1 Quoted		
i Shares		
a) Equity	-	-
b) Preference	-	-
ii Debentures and bonds	-	16,786.08
iii Units of mutual funds	-	-
iv Government securities	-	-
v Others	-	-
2 Unquoted		
i Shares		
a) Equity	32,626.15	21,132.04
b) Preference	-	-
ii Debentures and bonds	1,051.47	18,533.24
iii Units of mutual funds	-	-
iv Government securities	-	-
v Others	20,627.97	42,465.42

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

67.1 Borrower group - wise classification of assets financed

As at 31 March 2021

Category	Net of provisions			
	Secured	Unsecured	Provisions	Total
1 Financial assets				
a) Cash and cash equivalents	-	-	-	-
b) Bank balance other than cash and cash equivalents	-	-	-	-
c) Trade receivables	-	-	-	-
2 Loans	621.92	61,984.40	(9,671.39)	52,934.93
Total	**621.92**	**61,984.40**	**(9,671.39)**	**52,934.93**

As at 31 March 2020

Category	Net of provisions			
	Secured	Unsecured	Provisions	Total
1 Related parties				
a) Subsidiaries	-	-	-	-
b) Companies in the same group	-	-	-	-
c) Other related parties	-	-	-	-
2 Other than related parties	9,665.49	1,902.98	(674.41)	10,894.06
Total	**9,665.49**	**1,902.98**	**(674.41)**	**10,894.06**

67.2 Investor group - wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted) :

Category	As at 31 March 2021		As at 31 March 2020	
	Market value / break up or fair value or NAV(*)	Book value (Net of provision)	Market value / break up or fair value or NAV(*)	Book value (Net of provision)
1 Related parties				
a) Subsidiaries	32,613.95	32,613.95	21,119.84	21,119.84
b) Companies in the same group	-	-	-	-
c) Other related parties	-	-	-	-
2 Other than related parties	2,25,618.14	2,23,891.27	3,33,447.32	3,33,183.32
Total	2,58,232.09	2,56,505.22	3,54,567.16	3,54,303.16

67.3 Other information

Particulars	As at 31 March 2021	As at 31 March 2020
i Gross non-performing assets		
a) Related parties	-	-
b) Other than related parties	2,792.64	579.91
ii Net non-performing assets		
a) Related parties	-	-
b) Other than related parties	237.39	343.07
iii Assets acquired in satisfaction of debt	-	-

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

68 Overseas assets

The Company does not have any joint venture or subsidiary abroad as on 31 March 2021 and 31 March 2020.

69 Off-balance sheet SPVs sponsored

The Company has not sponsored any off-balance sheet SPVs which are required to be consolidated as per accounting norms for the year ended 31 March 2021 and 31 March 2020.

70 Customer complaints

Particulars	As at 31 March 2021	As at 31 March 2020
a) Number of complaints pending at the beginning of the year (Nos)	1	4
b) Number of complaints received during the year (Nos)	884	51
c) Number of complaints redressed during the year (Nos)	878	54
d) Number of complaints pending at the end of the year (Nos)	7	1

71 Information on instances of fraud

Instances of fraud for the year ended 31 March 2021

Asset Classification as per RBI Norms	No of cases	Amounts of fraud	Recovery	Amounts written off
Fraud Committed by other than staff	134	102.22	0.21	100.87

72 Credit rating

The Company has obtained credit ratings from CRISIL during the year ended 31 March 2021

Total Bank Loan Facilities Rated	Rs.250 Crore
Long Term Rating	CRISIL A-/Stable (Assigned)

73 Disclosure of penalties imposed by the RBI and other regulators

No penalty has been imposed by the RBI and other regulators during the year ended 31 March 2021 and 31 March 2020.

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

74 Funding concentration based on significant counterparty (borrowings)

Number of Significant Counterparties	Amount	% of Total borrowings
5	2,07,969.56	99.83%

Note

1. A "Significant counterparty" is defined as a single counterparty or group of connected or affiliated counterparties accounting in aggregate for more than 1% of the NBFC-NDSI's, NBFC-Ds total liabilities and 10% for other non-deposit taking NBFCs
2. Total liabilities has been computed as total assets less equity share capital less reserve & surplus and computed basis extant regulatory ALM guidelines.
3. The disclosure does not include CCIL borrowing outstanding as on 31 March 2021 of ₹ 30,614.42 lakhs

75 Top 10 borrowings

Amount	% of Total borrowings
2,07,967.29	99.84%

Note:

1. Accrued interest on borrowings not considered.

2. Total borrowing has been computed as gross total debt basis extant regulatory ALM guidelines.

76 Funding Concentration based on significant instrument/product

Name of the instrument/product	Amount	% of Total borrowings
Non-Convertible Debentures	1,67,180.74	77.10%
Repo Borrowings	30,614.42	14.12%
Term Loan	9,380.03	4.33%

Note:

A "significant instrument/product" is defined as a single instrument/product of group of similar instruments/products which in aggregate amount to more than 1% of the NBFC-NDSI's, NBFC-Ds total liabilities and 10% for other non-deposit taking NBFCs

Total liabilities has been computed as Total assets less equity share capital less reserve & surplus and computed basis extant regulatory ALM guidelines.

77 Stock Ratios:

a) Commercial papers as a % of total public funds, total liabilities and total assets – Nil

b) Non-convertible debentures (original maturity of less than one year) as a % of total public funds, total liabilities and total assets:- Nil

c) Other short-term liabilities, if any as a % of total public funds, total liabilities and total assets:

Total Public funds	Total Liabilities	Total Assets
Nil	85.54%	55.85%

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

78 Institutional set-up for liquidity risk management

Board of Directors:

The Board has the overall responsibility for management of liquidity risk. The Board shall decide the strategy, policies and procedures to manage liquidity risk in accordance with the liquidity risk tolerance/limits decided by it.

Risk Management Committee:

The Risk Management Committee is responsible for evaluating the overall risks faced by the NBFC including liquidity risk

Asset-Liability Management Committee (ALCO):

The ALCO ensures adherence to the risk tolerance/limits set by the Board as well as implements the liquidity risk management strategy of the NBFC.

The members of the ALCO are: -

1. Mr. Samit S Shetty
2. Mr. Ankit Agarwal
3. Mr. LN Gurumoorthy

79 Disclosures pursuant to RBI Notification - RBI/2019-20/220 DOR.No.BP.BC.63/21.04.048/2019-20 dated 17 April 2020

Particulars	As at 31 March 2021	As at 31 March 2020
Respective amounts in SMA/overdue categories, where the moratorium/deferment was extended in terms of paragraph 2 and 3 of the circular (as on 29 Feb 2020)	2,511.14	2,511.14
Of the above, respective amounts where the asset classification benefit is extended at year ended	51.37	2,341.39
Provision made in terms of Paragraph 5 of the Covid-19 regulatory package*		
In Q4 FY 2020	-	-
In Q4 FY 2021	-	-
Provision adjusted against slippages during the year in terms of paragraph 6 of the COVID-19 Regulatory Package*	-	-
Residual provision held at the year ended*	-	-

*Pursuant to paragraph 4 of RBI notification DOR.No.BP.BC.63/21.04.048/2019-20 dated 17 April 2020, NBFCs which are required to comply with Indian Accounting Standards (IndAS) shall continue to be guided by the guidelines duly approved by their Boards and as per ICAI Advisories for recognition of the impairments. Hence the provisioning requirements as mentioned in paragraph 5 and 6 is not applicable to the Company.

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

80 Disclosure as required by the RBI notification dated 07 April 2021

In accordance with the RBI notification dated 07 April 2021, the Company is required to refund / adjust any amount in the nature of "Interest on Interest" including penal interest charged to the borrowers during the moratorium period i.e.,01 March 2020 to 31August 2020. The Company has assessed that no interest on interest, penal interest etc. was charged to the borrowers during the moratorium period and hence no liability has been created towards interest relief as on 31 March 2021.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Manish Gujral
Partner
Membership No. 105117
Mumbai
24 June 2021

For and on behalf of the Board of Directors of
Navi Finserv Private Limited
(formerly known as Chaitanya Rural Intermediation Development Services Private Limited)

Samit Shetty
Director
DIN: 02573018
Bengaluru
24 June 2021

Ankit Agarwal
Director
DIN: 08299808
Bengaluru
24 June 2021

Dimple J Shah
Company Secretary
Membership no.: ACS A36349
Bengaluru
24 June 2021

Riya Bhattacharya
Chief Executive Officer
Bengaluru
24 June 2021

L N Gurumoorthy
Chief Financial Officer
Chennai
24 June 2021

Independent Auditor's Report

To the Members of Navi Finserv Private Limited (formerly known as Chaitanya Rural Intermediation Development Services Private Limited)

Report on the Audit of the Consolidated Financial Statements

Opinion

1. We have audited the accompanying consolidated financial statements of Navi Finserv Private Limited (formerly known as Chaitanya Rural Intermediation Development Services Private Limited) ('the Holding Company') and its subsidiary (the Holding Company and its subsidiary together referred to as 'the Group'), as listed in Annexure I, which comprise the Consolidated Balance Sheet as at 31 March 2021, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

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

Basis for Opinion

2. We conducted our audit in accordance with the Standards on Auditing 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 Consolidated Financial Statements section of our report. We are independent of the Group 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 consolidated financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

3. We draw attention to Note 3 to the accompanying consolidated financial statements, which describes the uncertainty relating to the effects of Covid-19 pandemic on the Group's operations and the impact on the impairment provision recognized towards the unquoted investments outstanding as at 31 March 2021. Our opinion is not modified in respect of this matter.

Key Audit Matters

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

5. We have determined the matters described below to be the key audit matters to be communicated in our report.

Information Technology (IT) environment and modifications to the IT environment affecting financial reporting process

Key audit matter	How our audit addressed the key audit matter
The Group is highly dependent on its information technology (IT) systems for carrying on its operations which require large volume of transactions to be processed on a daily basis. Further, the Group's accounting and financial reporting processes are dependent on the automated controls enabled by IT systems which impacts key financial accounting and reporting items such as loans, interest income, provision on loans, amongst others. The controls implemented by the Group in its IT environment determine the integrity, accuracy, completeness and validity of data that is processed by the applications and is ultimately used for financial reporting.	We included auditor's experts as part of our audit team to perform audit procedures which included, but were not limited to the following: • Obtained an understanding of the Group's IT related control environment and conducted risk assessment and identified IT applications, databases and operating systems that are relevant to our audit. • Obtained an understanding of the implementation process followed for new LMS implemented by the Group during the year and evaluated the controls established by

Key audit matter	How our audit addressed the key audit matter
Modifications to IT environment During the year ended 31 March 2021, the Group has migrated to Oracle ERP system from the erstwhile system Tally, for its operations and financial reporting purposes. Also, the Group has implemented and started using a new Loan Management System (LMS) from the current year for the new loan products launched by it during the year for processing and recording loan transactions. Such significant migration in IT systems including use of new IT systems increases the risk to the internal financial controls environment. These changes trigger a financial reporting risk as controls and processes that have been established over a number of years are updated and migrated into a new environment which includes new system controls and processes being designed and implemented for the above change in IT systems including controls around system integration. Our areas of audit focus included user access management, developer access to the production environment and data migration testing, changes to the IT environment across applications, networks, database and operating systems. Further, we also focused on key automated controls relevant for financial reporting. Accordingly, since our audit strategy included focus on key IT systems and automated controls along with testing of the data migration activity and implementation of new systems, due to pervasive impact on the consolidated financial statements; we have determined the same as a key audit matter for current year audit.	the management for such system implementation activity to ensure the implementation activity has been completed appropriately; • Tested the design and operating effectiveness of the Group's IT controls over the IT applications as identified above; • Evaluated the management's process for modifications to the IT systems including those modifications made post the implementation of the IT systems which also included understanding around monitoring and authorisation of such modifications. Tested such changes made to IT systems that had a significant impact on financial reporting; • With regards to the data migration activity carried out by the Group during the current year ended 31 March 2021 for the new ERP system, we performed the following procedures: a. Obtained an understanding of the Group's migration process, b. Evaluated the controls established by the management for the migration activity to ensure the activity has been completed appropriately, c. Understood the data cleansing process undertaken by the management prior to migration and tested the data migration, including associated reconciliations. d. Verified that the pre-migration and post migration reports, for example, appropriate approvals of trial balance by the respective authorized personnel from the Operations and Finance teams, along with the personnel from conversion team, e. Obtained the exception reports generated during data migration procedure and ensured that the exceptions, if any, have been rectified and necessary sign off was obtained by the management. • Tested IT general controls particularly, logical access, changes management and aspects of IT operational controls. Tested that, requests for access to systems were appropriately reviewed and authorized; tested controls around Group's periodic review of access rights; inspected requests of changes to systems for appropriate approval and authorization. • Tested related system interfaces/system integrations including relevant approvals, configurations and other application layer controls identified during out audit and report logic for system generated reports relevant to the audit mainly for loans, interest income and impairment of loan assets for evaluating completeness and accuracy; • Where deficiencies were identified, tested compensating controls or performed alternative procedures.

Impairment losses on loan portfolio including implementation of COVID-19 related measures

As at 31 March 2021, the Group has reported gross loan assets of ₹ 182,469.75 lakhs against which an impairment allowance of ₹ 16,340.75 lakhs has been recorded. Refer note 4.8 of significant accounting policies, note 8 for the outstanding loan assets and note 46.1 of the consolidated financial statements for credit risk disclosures.

Key audit matter	How our audit addressed the key audit matter
The calculation of impairment losses on loans is complex and is based on application of significant management judgement and use of different modelling techniques and assumptions which could have a material impact on reported profits. The Group has applied a three-stage approach based on changes in credit quality to measure expected credit loss on loans which is as follows: • If the loan is not credit-impaired on initial recognition then it is classified in 'Stage 1' and its credit risk is continuously monitored by the Group i.e. the default in repayment is within the range of 0 to 30 days. • If a significant increase in credit risk ('SICR') since initial recognition is identified, it is moved to 'Stage 2' but is not yet deemed to be credit-impaired i.e. the default in repayment is within the range of 31 to 89 days. • If the loan is credit-impaired, it is then moved to 'Stage 3' i.e. the default in repayment is more than 89 days. 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. Significant management judgement in measuring ECL is required with respect to: • determining the criteria for SICR • factoring in future macro-economic assumptions • techniques used to determine probability of default and loss given default. The ECL for the respective stages has been derived basis the Group's internally developed statistical models including that developed for new loan products launched during the year, historical data, collections trends post reporting date and industrywide stress. Implementation of COVID-19 related measures During the current year, the RBI has announced various relief measures for the borrowers which were implemented by the Group such as "COVID 19 Regulatory Package-Asset Classification and Provisioning" announced by the RBI on 27 March 2020, 17 April 2020 and 23 May 2020 and RBI circular on "Asset Classification and Income Recognition following the expiry of Covid-19 regulatory package" dated 07 April 2021 (collectively referred to as 'the RBI circulars'), which has been collectively considered by the management in identification and provisioning of NPAs.	Our audit focused on assessing the appropriateness of management's judgment and estimates used in the impairment analysis through the following procedures: • Evaluated the Group's accounting policies for estimation of expected credit loss on loans in accordance with Ind AS 109. • Obtained an understanding of the modelling techniques adopted by the Group including the key inputs and assumptions for existing and new loan products. Since modelling assumptions and parameters are based on historical data, we assessed whether historical experience was representative of current circumstances and was relevant in view of the recent impairment losses incurred within the portfolios; • Assessed and tested the design and operating effectiveness of the key controls over the completeness and accuracy of the key inputs and assumptions considered for calculation, recording and monitoring of the impairment loss recognized. Also, evaluated the controls over the modelling process, validation of data and related approvals; • Obtained the policy on moratorium of loans approved by the Board of Directors pursuant to the RBI circular and ensured whether such policy was in accordance with the RBI circular. • With respect to the management's assessment for the requirement of additional provisions to be made or not to be made on account of the impact of the COVID-19 pandemic, we understood and challenged evaluated the underlying assumptions used by the Group for such estimate by considering our understanding of the risk profiles of the customers of the Group. • Evaluated the appropriateness of the Group's determination of significant increase in credit risk ('SICR') in accordance with the applicable accounting standard considering impact of COVID-19 and moratorium announced in the RBI circular and the basis for classification of various exposures into various stages. For a sample of exposures, we also tested the appropriateness of the Group's categorization across various stages; • Assessed the critical assumptions and inputs used in the model which amongst others included testing the

Key audit matter	How our audit addressed the key audit matter
the Group periodically and significantly depend on future developments in the economy due to COVID-19 including any new relief measures' announcements by the RBI. Considering the significance of the above matter to the overall consolidated financial statements, additional complexities involved in the current year on account of ongoing impact of COVID-19, launch of new loan product and extent of management's estimates and judgements involved, it required significant auditor attention. Accordingly, we have identified this as a key audit matter for current year audit. We also draw attention to Note 3 of the accompanying consolidated financial statements, regarding uncertainties involved and on the appropriateness of impairment losses provided on the above mentioned loan assets as on 31 March 2021, as the same is fundamental to the understanding of the users of consolidated financial statements.	collection trends of the portfolio and ensuring consistency of assumptions with other relevant publicly available macro economic factors pertaining to impact of COVID-19. For forward looking assumptions used by the management in its ECL calculations, we held discussions with management and corroborated the assumptions using publicly available information. • Performed a critical assessment of assumptions including management's assessment of the impact of COVID-19 on these assumptions, moratorium facility availed by the customers and input data used in the estimation of expected credit loss models for specific key credit risk parameters, such as the transfer logic between stages, probability of default (PD) or loss given default (LGD); • Performed an assessment of the adequacy of the credit losses expected within 12 months by reference to credit losses actually incurred on similar portfolios historically; • Obtained written representations from management on whether they believe significant assumptions used in calculation of expected credit losses are reasonable. • Assessed the appropriateness and adequacy of the related presentation and disclosures of note 46 "Financial risk management" disclosed in the consolidated financial statements in accordance with the applicable accounting standards.

Information other than the Consolidated Financial Statements and Auditor's Report thereon

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

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

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

   When we read the Other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

7. The accompanying consolidated financial statements have been approved by the Holding Company's Board of Directors. The Holding 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 consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Ind AS specified under section 133 of the Act. The respective Board of Directors/management of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group 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 consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

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

9. Those Board of Directors are also responsible for overseeing the financial reporting process of the companies included in the Group.

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

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

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

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

    - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to consolidated 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 ability of the Group 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 consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern; and

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

12. 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.

13. 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.

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

Other Matter

15. The consolidated financial information of the Group for the year ended 31 March 2020, included as comparative financial information in the accompanying consolidated financial statements, are based on the management certified consolidated financial statements of the Group

which have not been subjected to either review or audit, as explained in Note 2 to the consolidated financial statements. Our opinion is not modified with respect to this matter.

Report on Other Legal and Regulatory Requirements

16. Based on our audit, we report that the provisions of section 197 read with Schedule V to the Act are not applicable to the Holding Company and its subsidiary company covered under the Act, since none of such companies is a public company as defined under section 2(71) of the Act. Accordingly, reporting under section 197(16) is not applicable.

17. As required by Section 143 (3) of the Act, based on our audit, we report, to the extent applicable, that:

    a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;

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

    c) the consolidated financial statements dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;

    d) in our opinion, the aforesaid consolidated financial statements comply with Ind AS specified under section 133 of the Act;

    e) on the basis of the written representations received from the directors of the Holding Company and taken on record by the Board of Directors of the Holding Company and its subsidiary company, none of the directors of the Group companies covered under the Act, are disqualified as on 31 March 2021 from being appointed as a director in terms of Section 164(2) of the Act.

    f) with respect to the adequacy of the internal financial controls with reference to consolidated financial statements of the Holding Company, and its subsidiary company, covered under the Act, and the operating effectiveness of such controls, refer to our separate report in 'Annexure II'; and

    g) with respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us and based on the other financial information of the subsidiary:

        i. the consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group as detailed in Note 43 to the consolidated financial statements;

        ii. the Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2021;

        iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, and its subsidiary company covered under the Act, during the year ended 31 March 2021; and

        iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016, which are not relevant to these consolidated financial statements. Hence, reporting under this clause is not applicable.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Manish Gujral
Partner
Membership No.: 105117
UDIN: 21105117AAAAEA9774

Place: Mumbai
Date: 24 June 2021

Annexure I to the Independent Auditor's Report of even date to the members of Navi Finserv Private Limited on the consolidated financial statements for the year ended 31 March 2021

List of entities included in the Consolidated Financial Statements

Subsidiary:

(a) Chaitanya India Fin Credit Private Limited

Annexure II to the Independent Auditor's Report on the internal financial controls with reference to consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the consolidated financial statements of Navi Finserv Private Limited (formerly known as Chaitanya Rural Intermediation Development Services Private Limited) ('the Holding Company') and its subsidiary (the Holding Company and its subsidiary together referred to as 'the Group'), as at and for the year ended 31 March 2021, we have audited the internal financial controls with reference to consolidated financial statements of the Holding Company and its subsidiary company, which are companies covered under the Act, as at that date.

Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

2. The respective Board of Directors of the Holding Company and its subsidiary company, which are companies covered under the Act, are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to consolidated financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. 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 the Company's business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Consolidated Financial Statements

3. Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements of the Holding Company and its subsidiary company, as aforesaid, based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India ('ICAI') prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to consolidated financial statements, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') 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 consolidated financial statements were established and maintained and if such controls operated effectively in all material respects.

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

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements of the Holding Company and its subsidiary company as aforesaid.

Meaning of Internal Financial Controls with Reference to Consolidated Financial Statements

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

Inherent Limitations of Internal Financial Controls with Reference to Consolidated Financial Statements

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

Opinion

8. In our opinion, the Holding Company and its subsidiary company, which are companies covered under the Act, have in all material respects, adequate internal financial controls with reference to consolidated financial statements and such controls were operating effectively as at 31 March 2021, based on the internal financial controls with reference to consolidated financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Manish Gujral
Partner
Membership No.: 105117
UDIN: 21105117AAAAEA9774

Place: Mumbai
Date: 24 June 2021

Consolidated Balance Sheet as at 31 March 2021

(All amounts in ₹ lakhs unless otherwise stated)

Particulars	Notes	As at 31 March 2021	As at 31 March 2020
I ASSETS			
1 Financial assets			
Cash and cash equivalents	5	16,679.83	2,528.95
Bank balances other than cash and cash equivalents	6	8,087.56	1,432.65
Trade receivables	7	4.85	-
Loans	8	1,66,129.00	93,784.82
Investments	9	2,41,981.22	3,38,170.01
Other financial assets	10	1,943.35	341.94
2 Non-financial assets			
Deferred tax asset (net)	11	4,078.48	1,617.34
Property, plant and equipment	12	325.93	319.63
Right to use asset		163.44	25.62
Other intangible assets	13	226.12	148.87
Other non-financial assets	14	487.28	236.44
Total assets		**4,40,107.06**	**4,38,606.27**
II LIABILITIES AND EQUITY			
LIABILITIES			
1 Financial liabilities			
Payables:			
- Trade payables			
(i) total outstanding dues of micro enterprises and small enterprises	15	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	15	237.31	118.65
- Other payables			
(i) total outstanding dues of micro enterprises and small enterprises	15	11.60	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	15	562.72	47.47
Debt securities	16	1,96,839.76	2,60,905.15
Borrowings (other than debt securities)	17	1,07,677.84	62,160.52
Subordinated liabilities	18	4,976.96	4,969.61
Other financial liabilities	19	9,132.78	2,533.74
2 Non-financial liabilities			
Current tax liabilities (net)	20	227.05	579.42
Provisions	21	2,156.21	1,003.12
Other non financial liabilities	22	675.86	300.15
Total liabilities		**3,22,498.09**	**3,32,617.83**
3 Equity			
Equity share capital	23	16,524.04	15,132.90
Other equity	24	1,01,084.93	90,855.54
Total equity		**1,17,608.97**	**1,05,988.44**
Total liabilities and equity		**4,40,107.06**	**4,38,606.27**

See accompanying notes forming part of the consolidated financial statements.

As per our report of even date

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Manish Gujral
Partner
Membership No. 105117
Place: Mumbai
Date: 24 June 2021

For and on behalf of the Board of Directors of
Navi Finserv Private Limited
(formerly known as Chaitanya Rural Intermediation Development Services Private Limited)

Samit Shetty
Director
DIN: 02573018
Place: Bengaluru
Date: 24 June 2021

Ankit Agarwal
Director
DIN: 08299808
Place: Bengaluru
Date: 24 June 2021

Dimple J Shah
Company Secretary
Membership no.: ACS A36349
Place: Bengaluru
Date: 24 June 2021

Riya Bhattacharya
Chief Executive Officer

Place: Bengaluru
Date: 24 June 2021

L N Gurumoorthy
Chief Financial Officer

Place: Chennai
Date: 24 June 2021

Statement of Consolidated Profit and Loss

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

Particulars		Notes	For the year ended 31 March 2021	For the year ended 31 March 2020
Revenue from operations				
(i)	Interest income	25	40,154.71	23,212.56
(ii)	Fees and commission income	26	362.06	495.15
(iii)	Net gain on fair value changes	27	14,094.96	188.87
(iv)	Net gain on derecognition of financial instruments under amortised cost category	28	1,898.13	332.34
(I)	**Total revenue from operations**		**56,509.86**	**24,228.92**
(II)	Other income	29	13.68	0.89
(III)	**Total income (I+II)**		**56,523.54**	**24,229.81**
Expenses				
(i)	Finance costs	30	8,714.94	7,963.00
(ii)	Fees and commission expenses	31	143.54	220.84
(iii)	Net loss on fair value changes	32	-	2,323.11
(iv)	Impairment on financial instruments	33	18,361.45	2,785.13
(v)	Employee benefits expenses	34	7,446.98	5,682.54
(vi)	Depreciation and amortisation expense	35	180.92	178.19
(vii)	Other expenses	36	6,020.92	2,819.02
(IV)	**Total expenses**		**40,868.75**	**21,971.83**
(V)	**Profit before tax (III - IV)**		**15,654.79**	**2,257.98**
(VI)	**Tax expense**			
	(1) Current tax	37	6,370.09	1,802.10
	(2) Deferred tax credit	37	(2,531.97)	(1,022.75)
	Total tax expense		**3,838.12**	**779.35**
(VII)	**Profit for the year (V - VI)**		**11,816.67**	**1,478.63**
Other comprehensive income				
	(A) (i) Items that will not be reclassified to profit and loss			
	Remeasurement of the net defined benefit (liability)/asset		0.20	(65.54)
	(ii) Income tax relating to the above		(0.05)	16.50
	(B) (i) Items that will be reclassified to profit or loss		281.20	-
	(ii) Income tax relating to items that will be reclassified to profit or loss		(70.78)	-
(VIII)	**Other comprehensive income**	38	**210.57**	**(49.04)**
(IX)	**Total comprehensive income for the year (VII + VIII)**		**12,027.24**	**1,429.59**
(X)	**Earnings per equity share**	39		
	Basic (₹)		7.76	1.49
	Diluted (₹)		7.76	1.48

See accompanying notes forming part of the consolidated financial statements.

As per our report of even date

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Manish Gujral
Partner
Membership No. 105117
Place: Mumbai
Date: 24 June 2021

For and on behalf of the Board of Directors of
Navi Finserv Private Limited
(formerly known as Chaitanya Rural Intermediation Development Services Private Limited)

Samit Shetty
Director
DIN: 02573018
Place: Bengaluru
Date: 24 June 2021

Ankit Agarwal
Director
DIN: 08299808
Place: Bengaluru
Date: 24 June 2021

Dimple J Shah
Company Secretary
Membership no.: ACS A36349
Place: Bengaluru
Date: 24 June 2021

Riya Bhattacharya
Chief Executive Officer

Place: Bengaluru
Date: 24 June 2021

L N Gurumoorthy
Chief Financial Officer

Place: Chennai
Date: 24 June 2021

Consolidated Cash Flow Statement for the year ended 31 March 2021

(All amounts in ₹ lakhs unless otherwise stated)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
A. Cash flow from operating activities		
Profit before tax	15,654.79	2,257.98
Depreciation, amortisation and impairment	145.61	151.98
Contribution to employee stock option scheme	94.11	33.27
Depreciation on right of use asset	35.28	26.20
Interest expense on lease liability	6.23	2.72
Impairment allowance on loans	13,938.50	1,479.62
Portfolio written off	2,194.25	23.98
Impairment allowance on investments	1,462.87	264.00
Interest on liability component of compulsorily convertible debentures	-	20.48
Loss/(profit) on sale of fixed assets (net)	(6.42)	0.52
Loss/(gain) on sale of mutual funds and securities	(429.19)	(186.91)
Effective interest rate adjustment for financial instruments	61.13	338.55
Impairment on other assets	(0.11)	-
Net loss on fair value changes on investment	(3,217.93)	2,176.82
Operating profit before working capital changes	**29,939.12**	**6,589.21**
Movements in working capital:		
(Increase) / decrease in assets		
Loans	(89,064.35)	(42,884.35)
Receivables	(2,232.04)	(626.18)
Bank deposits	(6,654.91)	898.86
Investments	86,805.17	(30,316.65)
Other financial assets	(4,279.74)	227.28
Other non-financial assets	(250.86)	(58.37)
Increase / (decrease) in liabilities		
Payables	735.73	666.59
Other financial liabilities	11,414.37	197.48
Non-financial liabilities	693.19	80.02
Provisions	1,153.10	398.38
Cash generated from / (used in) operating activities	**28,258.78**	**(64,827.73)**
Income taxes paid (net of refunds)	6,690.05	1,707.09
Net cash flows (used in)/generated from operating activities (A)	**21,568.73**	**(66,534.82)**
B. Cash flow from Investing activities		
Purchase of property, plant and equipment and intangible assets	(289.45)	(176.91)
Proceeds from sale of property, plant and equipment and intangible assets	57.00	0.84
Net cash flows (used in) investing activities (B)	**(232.45)**	**(176.07)**

Consolidated Cash Flow Statement for the year ended 31 March 2021

(All amounts in ₹ lakhs unless otherwise stated)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
C. Cash flow from financing activities		
Issue of equity shares	10,313.75	19,856.44
Buy back of equity shares	-	(3,063.43)
Proceeds from issue of debentures	52,290.00	38,900.00
Repayment of debentures	(1,15,218.90)	(23,714.79)
Proceeds from term loans availed	3,29,761.90	62,075.00
Repayment of term loans	(2,84,300.44)	(31,509.60)
Lease payments	(31.71)	(28.56)
Net cash flows (used in) / generated from financing activities (C)	**(7,185.40)**	**62,515.07**
Net increase in cash and cash equivalents (A+B+C)	**14,150.88**	**(4,195.82)**
Cash and cash equivalents at the beginning of the year	2,528.95	6,724.77
Cash and cash equivalents at the end of the year	**16,679.83**	**2,528.95**

Components of cash and cash equivalents

Cash and cash equivalents at the end of the year	As at 31 March 2021	As at 31 March 2020
Cash on hand	122.61	22.64
Balances with banks (of the nature of cash and cash equivalents)	16,557.22	2,506.31
Total	**16,679.83**	**2,528.95**

See accompanying notes forming part of the consolidated financial statements.

As per our report of even date

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

For and on behalf of the Board of Directors of
Navi Finserv Private Limited
(formerly known as Chaitanya Rural Intermediation Development Services Private Limited)

Manish Gujral
Partner
Membership No. 105117
Place: Mumbai
Date: 24 June 2021

Samit Shetty
Director
DIN: 02573018
Place: Bengaluru
Date: 24 June 2021

Ankit Agarwal
Director
DIN: 08299808
Place: Bengaluru
Date: 24 June 2021

Dimple J Shah
Company Secretary
Membership no.: ACS A36349
Place: Bengaluru
Date: 24 June 2021

Riya Bhattacharya
Chief Executive Officer

Place: Bengaluru
Date: 24 June 2021

L N Gurumoorthy
Chief Financial Officer

Place: Chennai
Date: 24 June 2021

Consolidated Statement of Changes in Equity for the year ended 31 March 2021

(All amounts in ₹ lakhs unless otherwise stated)

A. Equity share capital

Particulars	Number of shares	Amount
As at 31 March 2019	**2,63,11,393**	**2,631.14**
Changes in equity share capital during the year	12,50,17,627	12,501.76
As at 31 March 2020	**15,13,29,020**	**15,132.90**
Changes in equity share capital during the year	1,39,11,333	1,391.14
As at 31 March 2021	**16,52,40,353**	**16,524.04**

B. Other equity

Particulars	Reserves and surplus								Total
	Securities premium	Reserve fund u/s 45-IC of RBI Act 1934	Capital Redemption Reserve	Employee stock options outstanding	Retained earnings	Other comprehensive income - retirement benefits	Retained earnings	Other comprehensive income - retirement benefits	
Balance as at 31 March 2019	4,735.44	306.98	-	81.20	(80.81)	20.26	-	-	5,063.07
Profit for the year	-	-	-	-	1,429.59	-	-	-	1,429.59
Issue of equity shares	77,058.40	-	-	-	-	-	-	-	77,058.40
Transferred from retained earnings to reserve fund u/s 45-IC of RBI Act 1934	-	285.62	-	-	(285.62)	-	-	-	-
Employee stock option reserve created	-	-	-	66.54	-	-	-	-	66.54
Transfer to other comprehensive income (net of deferred tax)	-	-	-	-	49.04	(49.04)	-	-	-
Dividend distribution tax	-	-	-	-	(507.92)	-	-	-	(507.92)
Buy back of shares	(2,622.90)	-	-	-	-	-	-	-	(2,622.90)
Transfer to capital redemption reserve	(440.53)	-	-	-	-	-	-	-	(440.53)
Created on buy back of equity shares	-	-	440.53	-	-	-	-	-	440.53
Net interest paid on CCDs	-	-	-	-	-	-	-	10,368.76	10,368.76
Balance as at 31 March 2020	**78,730.41**	**592.60**	**440.53**	**147.74**	**604.28**	**(28.78)**	**-**	**10,368.76**	**90,855.54**
Profit for the year	-	-	-	-	12,027.24	-	-	-	12,027.24
Issue of equity shares	8,828.50	-	-	-	-	-	-	-	8,828.50
Transferred from retained earnings to reserve fund u/s 45-IC of RBI Act 1934	-	2,405.47	-	-	(2,405.47)	-	-	-	-

Consolidated Statement of Changes in Equity for the year ended 31 March 2021

(All amounts in ₹ lakhs unless otherwise stated)

B. Other equity (Contd..)

Particulars	Reserves and surplus								Total
	Securities premium	Reserve fund u/s 45-IC of RBI Act 1934	Capital Redemption Reserve	Employee stock options outstanding	Retained earnings	Other comprehensive income - retirement benefits	Retained earnings	Other comprehensive income - retirement benefits	
Employee stock option reserve created	167.98	-	-	188.22	-	-	-	-	356.20
Transfer to securities premium	-	-	-	(335.96)	-	-	-	-	(335.96)
Transfer to other comprehensive income (net of deferred tax)	-	-	-	-	(210.58)	210.58	-	-	-
Transfer to Debenture Redemption Premium	-	-	-	-	(100.00)	-	100.00	-	-
Premium utilised	(277.83)	-	-	-	-	-	-	-	(277.83)
Net interest paid on CCDs	-	-	-	-	-	-	-	277.83	277.83
CCD converted to equity	-	-	-	-	-	-	-	(10,646.59)	(10,646.59)
Balance as at 31 March 2021	**87,449.06**	**2,998.07**	**440.53**	**-**	**9,915.47**	**181.80**	**100.00**	**-**	**1,01,084.93**

See accompanying notes forming part of the consolidated financial statements.

As per our report of even date

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Manish Gujral
Partner
Membership No. 105117
Place: Mumbai
Date: 24 June 2021

For and on behalf of the Board of Directors of
Navi Finserv Private Limited
(formerly known as Chaitanya Rural Intermediation Development Services Private Limited)

Samit Shetty
Director
DIN: 02573018
Place: Bengaluru
Date: 24 June 2021

Ankit Agarwal
Director
DIN: 08299808
Place: Bengaluru
Date: 24 June 2021

Dimple J Shah
Company Secretary
Membership no.: ACS A36349
Place: Bengaluru
Date: 24 June 2021

Riya Bhattacharya
Chief Executive Officer

Place: Bengaluru
Date: 24 June 2021

L N Gurumoorthy
Chief Financial Officer

Place: Chennai
Date: 24 June 2021

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

1. Group overview

Navi Finserv Private Limited (formerly known as Chaitanya Rural Intermediation Development Services Private Limited) ('the Company') was formed on 14 February 2012 to carry on the business of sourcing, underwriting and carrying on the business of lending to individuals and entities including micro, small and medium enterprises, rural credit and other body corporates across India and provide credit related services as an NBFC, including, inter alia, (i) intermediation services for financial services agents and money transfer agents; (ii) credit linkage services; (iii) acting as a banking correspondent and (iv) generally carrying out all activities permissible to be carried out as an NBFC. The Company also carries on corporate treasury activities including: (i) investments in equity, mutual funds, alternative investment funds (AIFs), bonds, debentures, pass through certificates, receivables, sovereign funds and to extend to other persons and body corporates, loans and other instruments of similar nature for such consideration as the Company may deem fit; and (ii) the activity of trading in the equity, debt, gold, oil, currency, interest rates and commodities in and across futures, options and other derivatives and to carry on repo and reverse repo transactions.

During the year ended 31 March 2020, controlling stake in the Company was initially acquired by Mr. Sachin Bansal w.e.f. 24 October 2019 and was subsequently transferred to Navi Technologies Private Limited (formerly known as BAC Acquisitions Private Limited) ('the Holding Company') w.e.f. 30 March 2020.

The Company is a holding company of Chaitanya India Fin Credit Private Limited ('the Subsidiary Company') since 12 November 2014.

The Company has received Certificate of registration from Reserve Bank of India dated 11 March 2016, to carry on the business of Non- Banking Financial Institution without accepting deposits.

The consolidated financial statements comprise of the financial statements of Navi Finserv Private Limited (the Holding Company) and its subsidiary (collectively known as the 'Group') as listed below.

2. Statement of Compliance

In accordance with the notification issued by the Ministry of Corporate Affairs, the Group is required to prepare its consolidated financial statements as per the Indian Accounting Standards prescribed under Section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 (as amended) ('Ind AS'). Accordingly, the Group has prepared these consolidated financial statements which comprise the Consolidated Balance Sheet as at 31 March 2021, the Consolidated Statement of Profit and Loss, the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity for the year ended 31 March 2021, and a summary of significant accounting policies and other explanatory information (together hereinafter referred to as 'consolidated financial statements').

These consolidated financial statements ('the financial statements') of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified by Ministry of Corporate Affairs ('MCA') under Section 133 of the Companies Act, 2013 ('Act') and presentation requirements of Division III of Schedule III to the Companies Act, 2013, applicable to NBFCs, as notified by the MCA, and applicable provisions of the Companies Act, 2013 and other applicable regulatory norms / guidelines.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments measured at fair values at the end of each reporting period, as explained in the accounting policies below

The consolidated financial statements for the year ended 31 March 2021 were authorized and approved for issue by the Board of Directors on 24 June 2021.

During the previous year ended 31 March 2020, the Company had availed the exemption available to companies under Companies Act, 2013 from preparing consolidated financial statements as per Rule 6 of Companies (Accounts) Rules, 2014 (as amended). However, during the current year ended 31 March 2021, the Company has issued non-convertible debentures which have been listed on the BSE and accordingly the Company can no longer avail the exemption benefit available as per the aforementioned Rule 6 and has accordingly prepared its Consolidated financial statements for the year ended 31 March 2021 and has also included the comparative financial information which has not been subjected to independent audit or review.

3. Impact of COVID-19

The COVID-19, a global pandemic has affected the world economy including India, leading to significant decline and volatility in financial markets and decline in economic activities. The national lockdown announced on 23 March 2020 affected activities of organizations across the economic ecosystem, impacting earning prospects and valuations of companies and creating huge volatility in the stock markets. The impact of COVID-19 on the Group's result remain uncertain and will dependent on future developments including the second wave that has significantly increased the number of cases in India.

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

The Group, as per the regulatory requirements, has put in place a COVID policy and has given moratorium to eligible borrowers. The Group's capital and liquidity position remains strong and would continue to be the focus area for the Management. There have been no significant changes to the Group's internal financial control other than providing remote access to some of its key employees during the lockdown.

Based on the current assessment of the potential impact of the COVID-19 on the Group, management is of the view that the Group is well capitalised and has adequate liquidity to service its obligations, sustain its operations and also look at any appropriate investment/lending opportunities.

The Group has recognized consolidated provisions as on 31 March 2021, towards its loan assets to the extent of ₹ 16,340.75 lakhs which includes an additional provision of ₹ 2,797.68 lakhs for impact of COVID-19 second wave, based on the information available at this point of time including economic forecasts, in accordance with the expected credit loss method. The Group believes that it has considered all the possible impact of the known events arising out of COVID-19 pandemic in the preparation of financial results. The extent to which the current pandemic will impact the carrying value of loan assets and unquoted investments is dependent on the future developments, which are highly uncertain at this point in time.

4. Significant accounting policies

4.1. Basis of preparation and measurement

(i) Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiary as at 31 March 2021. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights, including potential voting rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements;
- The Group's voting rights and potential voting rights; and
- The size of the group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member's financial statements in preparing the consolidated financial statements to ensure conformity with the group's accounting policies.

The financial statements of all members of the Group used for the purpose of consolidation are drawn up to same reporting date as that of the Holding Company, i.e., year ended on 31 March. When the end of the reporting period of the Holding Company is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the Holding Company to enable the Holding Company to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

Consolidation procedures

a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the Holding

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

Company with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.

b) Offset (eliminate) the carrying amount of the Holding Company's investment in each subsidiary and the Holding Company's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.

c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Non- controlling interest represents the amount of equity not attributable, directly or indirectly, to the Company at the date on which investment in a subsidiary is made and its share of movements in equity since that date. Non-controlling interests and equity of subsidiaries are shown separately in the Consolidated Statement of Profit and Loss, consolidated statement of changes in equity and consolidated balance sheet respectively. Profit or loss and each component of Other Comprehensive Income (OCI) are attributed to the equity shareholders of the Holding Company of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary;
- Derecognises the carrying amount of any non-controlling interests;
- Derecognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in the Consolidated Statement of Profit or Loss; and

Reclassifies the Holding Company's share of components previously recognised in OCI to Consolidated Statement of Profit or Loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

(ii) Going concern and basis of measurement

The financial statements have been prepared on a going concern basis under the historical cost convention on accrual basis except for certain financial assets and financial liabilities are measured at fair values at the end of each reporting period. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in accounting policy hitherto in use.

(iii) Use of estimates and judgements

The preparation of financial statements requires management to make certain estimates and assumptions that affect the amounts reported in the financial statements and notes thereto. The management believes that these estimates and assumptions are reasonable and prudent. However, actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in the current and future periods. An overview of the areas that involve a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed have been disclosed below. Detailed information about each of these estimates and judgments is included in the relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

Estimate and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under circumstances.

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

- **Business model assessment**

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

- **Fair value of financial instruments**

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

- **Provisions and other contingent liabilities**

  Provisions and liabilities are recognized in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events and the amount of cash outflow can be reliably estimated. The timing of recognition and quantification of the liability requires the application of judgement to existing facts and circumstances, which can be subject to change. The carrying amounts of provisions and liabilities are reviewed regularly and revised to take account of changing facts and circumstances.

- **Defined employee benefit assets and liabilities**

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

- **Impairment of loans and investment portfolio**

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

  It has been the Group's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

- **Effective Interest Rate (EIR) method**

  The Group's EIR methodology, recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioral life of loans given / taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges).

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

4.2. Revenue recognition

i. Recognition of interest income

Interest income is recognised by applying the Effective Interest Rate (EIR) to the gross carrying amount of financial assets other than credit-impaired assets and financial assets classified as measured at FVTPL.

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

The EIR in case of a financial asset is computed

a. As the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset.

b. By considering all the contractual terms of the financial instrument in estimating the cash flows.

c. Including all fees received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

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

Interest income on credit impaired assets is recognised by applying the effective interest rate to the net amortised cost (net of provision) of the financial asset.

ii. Income from assignment transactions

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

iii. Recoveries against written off assets and fees received on collections

The Group recognises recoveries against written off assets and fees received on collections on realization basis.

iv. Dividend income

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

v. Other income

All other income is recognized on accrual basis when no significant uncertainty exists on their receipt.

4.3. Finance costs

Finance costs represents interest expense recognised by applying the Effective Interest Rate (EIR) to the gross carrying amount of financial liabilities.

The EIR in case of a financial liability is computed

a. As the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the gross carrying amount of the amortised cost of a financial liability.

b. By considering all the contractual terms of the financial instrument in estimating the cash flows.

c. Including all fees paid between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

Borrowing cost consists of interest and other cost that the Group incurred in connection with the borrowing of funds. All other borrowing costs are charged to the Statement of Profit and Loss as incurred basis the effective interest rate method.

4.4. Property, Plant and Equipment:

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Cost includes all expenses, direct and indirect, specifically attributable to its acquisition and bringing it to its working condition for its intended use. Incidental expenditure pending allocation and attributable to the acquisition of fixed assets is allocated/ capitalised with the related assets. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred.

Depreciation

Depreciation on property, plant and equipment has been provided on the written down value method as prescribed in Schedule II of Companies Act 2013 or the rates determined by the management as per estimated useful life of the assets, whichever is higher. All individual assets (other than furniture and fixtures and office equipments) valued less than ₹ 5,000 are depreciated in full in the year of acquisition. The useful life of the assets is as follows:

Asset class	Useful life adopted by the Group
Electrical Installations and Equipment	5 years
Computers and accessories	3 years
Office equipment	5 years
Furniture and fixtures	10 years
Vehicle - Motor car	8 years
UPS	10

Depreciation is calculated on a pro rata basis from the date on which the asset is ready for use or till the date the asset is sold or disposed off.

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

The residual values, useful lives and method of depreciation are reviewed at the end of each financial year.

De-recognition

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

4.5. Intangible assets

Intangible assets are carried at cost less accumulated amortisation and impairment losses, if any. The cost of an intangible asset comprises its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the tax authorities), and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates.

Any gain or loss on disposal of an item of intangible assets is recognised in statement of profit or loss.

Amortization For amortization of intangibles, the amortization amount is allocated on a systematic basis over the best estimate of its useful life. Management estimates useful life of intangible assets to be 3 years.

4.6. Fair value measurement

The Group measures financial instruments at fair value which 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:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

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; and

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

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. For assets and liabilities that are recognised in the balance sheet on a recurring basis, the Group 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.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

4.7. Financial instruments

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

Financial assets:

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

Financial assets carried at amortized cost – a financial asset is measured at the amortized cost if both the following conditions are met:

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

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in interest income in the Statement of Profit and Loss.

De-recognition of financial assets

Financial assets (or where applicable, a part of financial asset or part of a group of similar financial assets) are derecognised (i.e. removed from the Group's balance sheet) when the contractual rights to receive the cash flows from the financial asset have expired, or when the financial asset and substantially all the risks and rewards are transferred. The difference in the carrying amount of financial assets (net of impairment allowance) and the consideration received on the transfer of financial asset is recognised in the statement of profit or loss.

Financial liabilities:

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include other payables, borrowings and payables towards assignment transactions.

Subsequent measurement

Subsequent to initial recognition, financial liabilities are measured at amortised cost using the effective interest method.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

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, to realise the assets and settle the liabilities simultaneously.

4.8. Impairment of financial assets

In accordance with Ind AS 109, the Group applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

a) Financial assets that are investments in debt instruments, and are measured at amortised cost along with other financial assets such as e.g., loans, deposits, trade receivables and bank balances.

4.8.1. Overview of the Expected Credit Loss (ECL) Model

The Group records allowance for expected credit losses for all loans and other debt instruments not held at FVTPL in this section all referred to as 'financial instruments'. Equity instruments are not subject to impairment under Ind AS 109.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss).

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is the portion of Lifetime ECL that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both Lifetime ECLs and 12-month ECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

The Group has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. The Group does the assessment of significant increase in credit risk at a borrower level. If a borrower has various facilities having different past due status, then the highest days past due (DPD) is considered to be applicable for all the facilities of that borrower.

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

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

Stage 1

All exposures where there has not been a significant increase in credit risk since initial recognition or that has low credit risk at the reporting date and that are not credit impaired upon origination are classified under this stage. The Group classifies all standard advances/investments and advances/investments upto 30 days default under this category. Stage 1 financial instruments also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.

Stage 2

All exposures where there has been a significant increase in credit risk since initial recognition but are not credit impaired are classified under this stage. 30 Days Past Due is considered as significant increase in credit risk.

Stage 3

Financial instruments are classified as stage 3 when there is objective evidence of impairment as a result of one or more loss events that have occurred after initial recognition with a negative impact on the estimated future cash flows of a financial instrument. The Group recognizes life time ECL for impairment of financial assets.

4.8.2. Estimation of Expected Credit loss

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

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

  The Group uses historical information where available to determine PD. Considering the different products, the Group has bifurcated its financial instruments into various pools. For certain pools where historical information is available, the PD is calculated considering fresh slippage of past years. For those pools where sufficient historical information is not available, the PD/default rates as being witnessed in the industry is also used as an input to determine the PD for the Group. For investments, the PD/default rates are considered as reported by external credit rating agencies.

- Exposure at Default (EAD) - The Exposure at Default is an estimate of the exposure at a future default date.

- Loss Given Default (LGD) - The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the Group would expect to receive, including from the realisation of any collateral.

Forward looking information

While estimating the expected credit losses, the Group reviews macro-economic developments occurring in the economy and the market it operates in. On a periodic basis, the Group analyses if there is any relationship between key economic trends like GDP, unemployment rates, benchmark rates set by the Reserve Bank of India, inflation etc. with the estimate of PD, LGD determined by the Group based on its internal data. While the internal estimates of PD, LGD rates by the Group may not be always reflective of such relationships, temporary overlays, if any, are embedded in the methodology to reflect such macro-economic trends reasonably.

Collateral valuation

To mitigate its credit risks on financial assets, the Group seeks to use collateral, where possible. The collateral comes in various forms, such as movable and immovable assets, guarantees, etc. However, the fair value of collateral affects the calculation of ECL and the fair value is based on data provided by third party or management judgements.

Collateral repossessed

In its normal course of business whenever default occurs, the Group may take possession of properties or other assets in its retail portfolio and generally disposes such assets through auction, to settle outstanding debt. Any surplus funds are returned to the customers/obligors. As a result of this practice, assets under legal repossession processes are not recorded on the balance sheet.

Write-offs

Financial assets are written off either partially or in their entirety to the extent that there is no realistic prospect of recovery. The Group reduces the gross carrying amount of a financial asset. However financial assets that are written off could still be

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any subsequent recoveries made are recognised in the statement of profit and loss.

4.9. Employee benefits:

The Group provides employment benefits through various defined contribution and defined benefit plans.

Employee benefits include Provident Fund, Gratuity and Bonus.

Defined contribution plans

A defined contribution plan is a plan under which the Group pays fixed contributions into an independent fund administered by the government. The Group has no legal or constructive obligations to pay further contributions after its payment of the fixed contribution, which are recognised as an expense in the year in which the related employee services are received.

Defined benefit plans

The defined benefit plans sponsored by the Group define the amount of the benefit that an employee will receive on completion of services by reference to length of service and last drawn salary. The legal obligation for any benefits remains with the Group.

Gratuity is a post-employment benefit and is in the nature of a defined benefit plan. The liability recognised in the financial statements in respect of gratuity is the present value of the defined benefit obligation at the reporting date, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated at or near the reporting date by an independent actuary using the projected unit credit method.

Actuarial gains and losses arising from past experience and changes in actuarial assumptions are credited or charged to the statement of OCI in the year in which such gains or losses are determined.

Short-term employee benefits

Expense in respect of other short term benefits is recognised on the basis of the amount paid or payable for the period during which services are rendered by the employee.

4.10. Leases

Identification of lease:

The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or whether the arrangement conveys a right to use the asset.

Recognition of lease payments:

Rent expenses representing operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term, unless the increase is in line with expected general inflation, in which case lease payments are recognised based on contractual terms.

Leases that do not transfer to the Group substantially all of the risks and benefits incidental to ownership of the leased items are operating leases.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases of assets that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

4.11. Taxes

Current tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax assets and liabilities are recognised for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

Deferred tax assets are only recognised for temporary differences, unused tax losses and unused tax credits if it is probable that future taxable amounts will arise to utilise those temporary differences and losses. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

4.12. Share based payments

The Group had formulated an Employees Stock Option Schemes to be administered through a Trust. The fair value of options granted under Employee Stock Option Plan was recognised as an employee benefits expense with a corresponding increase in other equity upto the year ended 31 March 2021. The fair value of options granted under Employee Stock Option Plan is recognized as a deemed investment in subsidiary company with a corresponding increase in employee stock options outstanding reserve. The total amount to be recognized is determined by reference to the fair value of the options and is recognized 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. Upon exercise of share options, the proceeds received are allocated to share capital up to the par value of the shares issued with any excess being recorded as share premium. This scheme as closed in the current year

4.13. Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period.

To calculate 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.

4.14. Impairment of non-financial assets

At the end of each reporting period, the Group reviews the carrying amounts of its non-financial assets or cash generating units to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

4.15. Cash and cash equivalents

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

4.16. Dividend

Proposed dividends and interim dividends payable to the shareholders are recognized as changes in equity in the period in which they are approved by the shareholder's meeting and the Board of Directors respectively.

4.17. Foreign currency

Functional and presentation currency

Items included in the financial statement of the Group are measured using the currency of the primary economic environment in which the entity operates. The financial statements have been prepared and presented in Indian Rupees, which is the Group's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency, by applying the exchange rates on the foreign currency amounts at the date of the transaction. Foreign currency monetary items outstanding at the balance sheet date are converted to functional currency using the closing rate. Non-monetary items denominated in a foreign currency which are carried at historical cost are reported using the exchange rate at the date of the transaction. Exchange differences arising on monetary items on settlement, or restatement as at reporting date, at rates different from those at which they were initially recorded are recognised in the Statement of Profit and Loss in the year in which they arise.

4.18. Equity investment in subsidiaries

Investments representing equity interest in subsidiaries are accounted for at cost in accordance with IndAS 27 Separate Financial Statements

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

4.19. Compound financial instruments

Compulsorily convertible debentures re separated into liability and equity components based on the terms of the contract. On issuance of the said instruments, the liability component is arrived by discounting the gross sum at a market rate for an equivalent non-convertible instrument. This amount is classified as a financial liability measured at amortised cost until it is extinguished on conversion or redemption. The remainder of the proceeds is recognised as equity component of compound financial instrument. This is recognised and included in shareholder's equity, net of income tax effects, and no subsequently re-measured.

4.20. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM) of the Group. The CODM is responsible for allocating resources and assessing performance of the operating segments of the Group.

4.21. Rounding off amounts

All amounts disclosed in the financial statements and notes have been rounded off to the thousands as per the requirements of Schedule III of the Act unless otherwise stated.

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

5 Cash and cash equivalents

Particulars	As at 31 March 2021	As at 31 March 2020
Cash in hand	122.61	22.64
Balances with banks and financial institutions		
- Balances with banks in current account	12,557.22	2,506.31
- Bank deposit with original maturity less than 3 months	4,000.00	-
Total	**16,679.83**	**2528.95**

6 Bank balances other than cash and cash equivalents

Particulars	As at 31 March 2021	As at 31 March 2020
Term deposits with bank*	6,375.55	26.73
Balance with banks and financial institutions to the extent held as margin money deposits against borrowings*	1,712.01	1,405.92
Total	**8,087.56**	**1,432.65**

* The term deposits with banks (excluding the interest accrued on term deposits have been placed under lien for the following purposes:

Particulars	As at 31 March 2021	As at 31 March 2020
Term loans	1,712.01	1,429.92
Margin money against Government Securities Trade	4,986.00	-
Overdraft facilities	1,227.15	-
Total	**7,925.16**	**1,429.92**

7 Trade receivables*

Particulars	As at 31 March 2021	As at 31 March 2020
Receivable from related parties	4.85	-
Total	**4.85**	**-**

*The Company does not have any receivables which are either credit impaired or where there is significant increase in credit risk.

8 Loans

Particulars	As at 31 March 2021	As at 31 March 2020
A) Loans		
At amortised cost		
Secured		
Term loans	621.92	1,902.98
Mortgage housing loans	806.16	77.03
Two wheeler loans	-	2.51

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

8 Loans (Contd..)

Particulars	As at 31 March 2021	As at 31 March 2020
Small Business Loans(SBL)	62.18	-
Livestock Loan	151.37	-
Unsecured		
Term loans	61,984.40	9,665.49
Joint liability loans	97,873.78	84,849.02
At fair value through OCI		
Unsecured		
Joint liability loans	20,923.23	-
Total (A) - Gross	**1,82,423.04**	**96,497.03**
Less : Impairment loss allowance	(16,339.13)	(2,743.98)
Total (A) - Net	**1,66,083.91**	**93,753.05**
B) Others (Loan to employees)		
Unsecured	46.71	36.83
Total (B) - Gross	**46.71**	**36.83**
Less : Impairment loss allowance	(1.62)	(5.06)
Total (B) - Net	**45.09**	**31.77**
Total (A+B) - Net	**1,66,129.00**	**93,784.82**
C) Loans in India		
i) Public sector	-	-
ii) Individuals	1,82,369.75	92,948.06
iii) Corporates	100.00	3,585.80
Total - Gross	**1,82,469.75**	**96,533.86**
Less : Impairment loss allowance	(16,340.75)	(2,749.04)
Total - Net	**1,66,129.00**	**93,784.82**

9 Investments

Particulars	As at 31 March 2021	As at 31 March 2020
At fair value through profit and loss account ('FVTPL')		
Mutual funds (quoted)	15,927.69	39,331.35
Equity instruments (quoted)	-	7,409.30
Alternative investment fund (unquoted)	-	3,796.75
Bonds and debentures (unquoted)	1,517.32	
Bonds and debentures (quoted)	1,21,658.90	1,42,655.88
Government securities (quoted)	46,794.07	-
Futures (quoted)	635.03	9.98
At amortised cost		
Bonds and debentures (unquoted)*	2,774.60	45,139.77
Pass through certificates (unquoted)	27,194.96	1,00,004.92
Others (quoted)	26,184.33	-
Equity instruments:		
- Others (unquoted)	12.19	86.06
Investment in securities	1,009.12	-
Total gross (A)	**2,43,708.21**	**3,38,434.01**

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

9 Investments (Contd..)

Particulars	As at 31 March 2021	As at 31 March 2020
Investments outside India	-	
Investments in India	2,43,708	3,38,434.01
Total gross (B)	**2,43,708.21**	**3,38,434.01**
Less: Impairment loss allowance (C)	(1,726.99)	(264.00)
Total net - (A) + (B) - (C)	**2,41,981.22**	**3,38,170.01**

10 Other financial assets

Particulars	As at 31 March 2021	As at 31 March 2020
Security deposits (unsecured, considered good)	91.97	84.50
EIS receivable on assignment	1,262.08	117.23
Insurance recoverables	237.20	104.90
Less: Impairment on insurance recoverable	(79.75)	(3.43)
Other receivables	518.07	124.96
Less: Impairment loss allowance on Other recoverables	(86.22)	(86.22)
Total	**1,943.35**	**341.94**

11 Deferred tax asset (net)

Particulars	As at 31 March 2021	As at 31 March 2020
Tax effect of items constituting deferred tax liabilities:		
Financial liabilities measured at amortised cost	179.13	67.27
Deferment of upfront EIS and servicing obligation recorded for assignment	317.08	19.63
Interest on non-performing loans	2.96	29.83
Financial assets measured at fair value through profit and loss	261.73	-
Fair value charge of loans through other comprehensive income	70.78	-
Others	-	1.29
Deferred tax liabilities (total) - A	**831.68**	**118.02**
Tax effect of items constituting deferred tax assets:		
Impairment allowance for loans	3,764.62	664.44
Provision for employee benefits	197.64	247.44
Difference in written down value as per Companies Act and Income Tax Act	43.96	41.12
Financial assets measured at amortised cost	417.19	197.56
Financial assets measured at fair value through profit and loss	-	546.37
Impairment allowance for other receivables	43.49	27.02
"Remeasurement gain / (loss) on defined benefit plan"	-	-
Employee stock option scheme expense	-	11.30
Others	443.26	0.11
Deferred tax assets (total) - B	**4,910.16**	**1,735.36**
Net deferred tax asset (B-A)	**4,078.48**	**1,617.34**

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

11 Deferred tax asset (net) (Contd..)

Movement in deferred tax liabilities

Particulars	As at 31 March 2020	(Charged)/ credited to statement of profit and loss	(Charged)/ credited to other comprehensive income	As at 31 March 2021
Tax effect of items constituting Deferred Tax Liabilities:				
Financial liabilities measured at amortised cost	67.27	111.86	-	179.13
Deferment of upfront EIS and servicing obligation recorded for assignment	19.63	297.45	-	317.08
Interest on non-performing loans	29.83	(26.87)	-	2.96
Financial assets measured at fair value through profit and loss	-	261.73	-	261.73
Fair value charge of loans through other comprehensive income	-	-	70.78	70.78
Others	1.29	(1.29)	-	-
Total deferred tax liabilities	**118.02**	**642.88**	**70.78**	**831.68**
Tax effect of items constituting Deferred Tax Assets:				
Impairment allowance for loans	664.44	3,100.18	-	3,764.62
Provision for employee benefits	247.44	(49.75)	(0.05)	197.64
Difference in written down value as per Companies Act and Income Tax Act	41.12	2.84	-	43.96
Financial assets measured at amortised cost	197.56	219.63	-	417.19
Financial assets measured at fair value through profit and loss	546.37	(546.37)	-	-
Impairment allowance for other receivables	27.02	16.47	-	43.49
Remeasurement gain / (loss) on defined benefit plan	-	-	-	-
Employee stock option scheme expense	11.30	(11.30)	-	-
Others	0.11	443.15	-	443.26
Total deferred tax assets	**1,735.36**	**3,174.85**	**(0.05)**	**4,910.16**
Total deferred tax asset (net)	**1,617.34**	**2,531.97**	**(70.83)**	**4,078.48**

Particulars	As at 31 March 2019	(Charged)/ credited to statement of profit and loss	(Charged)/ credited to other comprehensive income	As at 31 March 2020
Tax effect of items constituting deferred tax liabilities:				
Financial liabilities measured at amortised cost	27.57	39.70	-	67.27
Deferment of upfront EIS and servicing obligation recorded for assignment	69.94	(50.31)	-	19.63
Interest on non-performing loans	32.97	(3.14)	-	29.83
Financial assets measured at fair value through profit and loss	-	-	-	-
Fair value charge of loans through other comprehensive income	-	-	-	-
Others	0.62	0.67	-	1.29
Total deferred tax liabilities	**131.10**	**(13.08)**	**-**	**118.02**
Tax effect of items constituting Deferred Tax Assets:				
Impairment allowance for loans	325.83	338.61	-	664.44
Provision for employee benefits	149.98	80.96	16.50	247.44

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

11 Deferred tax asset (net) (Contd..)

Particulars	As at 31 March 2019	(Charged)/ credited to statement of profit and loss	(Charged)/ credited to other comprehensive income	As at 31 March 2020
Difference in written down value as per Companies Act and Income Tax Act	33.04	8.08	-	41.12
Financial assets measured at amortised cost	133.28	64.28	-	197.56
Financial assets measured at fair value through profit and loss	-	546.37	-	546.37
Impairment allowance for other receivables	-	27.02	-	27.02
Remeasurement gain / (loss) on defined benefit plan	-	-	-	-
Employee stock option scheme expense	11.30	-	-	11.30
Others	55.76	(55.65)	-	0.11
Total deferred tax assets	**709.19**	**1,009.67**	**16.50**	**1,735.36**
Total deferred tax asset (net)	**578.09**	**1,022.75**	**16.50**	**1,617.34**

12 Property, plant and equipment

Particulars	Computer and accessories	Furniture and fixtures	Office equipment's	Vehicles	Leasehold Improvement	Electrical equipment	Total
Gross block							
Gross Carrying Value							
As at 31 March 2019	**299.72**	**188.07**	**96.90**	**155.96**	**-**	**2.95**	**743.60**
Additions	74.37	54.15	44.65	-	-	1.66	174.83
Reversal on disposal of assets	6.97	-	0.15	3.35	-	-	10.47
Balance as at 31 March 2020	**367.12**	**242.22**	**141.40**	**152.61**	**-**	**4.61**	**907.96**
Additions	100.35	32.67	52.29	-	5.96	5.85	197.12
Reversal on disposal of assets	27.86	-	-	151.08	-	-	178.94
Balance as at 31 March 2021	**439.61**	**274.89**	**193.69**	**1.53**	**5.96**	**10.46**	**926.14**
Accumulated depreciation							
As at 31 March 2019	**219.93**	**96.82**	**48.28**	**87.09**	**-**	**1.22**	**453.34**
Charge for the year	71.75	29.74	20.43	21.38	-	0.80	144.10
Reversal on disposal of assets	6.87	-	0.08	2.16	-	-	9.11
Balance as at 31 March 2020	**284.81**	**126.56**	**68.63**	**106.31**	**-**	**2.02**	**588.33**
Charge for the year	67.01	32.03	29.33	5.93	2.01	0.55	136.86
Reversal on disposal of assets	14.05	-		110.93	-	-	124.98
Balance as at 31 March 2021	**337.77**	**158.59**	**97.96**	**1.31**	**2.01**	**2.57**	**600.21**
Net block							
Balance as at 31 March 2020	**82.31**	**115.66**	**72.77**	**46.30**	**-**	**2.59**	**319.63**
Balance as at 31 March 2021	**101.84**	**116.30**	**95.73**	**0.22**	**3.95**	**7.89**	**325.93**

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

13 Intangible assets#

Particulars	Application software	Trade mark	Computer Software	Goodwill	Total
Gross block					
As at 31 March 2019	**0.40**	**0.15**	**62.85**	**139.48**	**202.88**
Additions	0.90	-	1.17	-	2.07
Reversal on disposal of assets	-	-	-	-	-
Balance as at 31 March 2020	**1.30**	**0.15**	**64.02**	**139.48**	**204.95**
Additions		-	86.02	-	86.02
Reversal on disposal of assets	-	-	38.84	-	38.84
Balance as at 31 March 2021	**1.30**	**0.15**	**111.20**	**139.48**	**252.13**
Accumulated depreciation					-
As at 31 March 2019	**0.01**	**0.05**	**48.16**	**-**	**48.22**
Charge for the year	0.17	0.03	7.66	-	7.86
Reversal on disposal of assets	-	-	-	-	-
Balance as at 31 March 2020	**0.18**	**0.08**	**55.82**	**-**	**56.08**
Charge for the year	0.44	0.06	8.27	-	8.77
Reversal on disposal of assets	-	-	38.84	-	38.84
Balance as at 31 March 2021	**0.62**	**0.14**	**25.25**	**-**	**26.01**
Net block					-
Balance as at 31 March 2020	**1.12**	**0.07**	**8.20**	**139.48**	**148.87**
Balance as at 31 March 2021	**0.68**	**0.01**	**85.95**	**139.48**	**226.12**

#Other than internally generated

14 Other non-financial assets

Particulars	As at 31 March 2021	As at 31 March 2020
Unsecured, considered good		
Advances to suppliers and others	144.76	60.01
Advances with staff	12.30	12.24
Balance with government authorities	165.58	61.29
Income tax paid under dispute	46.73	46.74
Prepaid expenses	117.91	56.16
Total	**487.28**	**236.44**

15 Payables

Particulars	As at 31 March 2021	As at 31 March 2020
I. Trade Payable		
(i) total outstanding dues of micro enterprises and small enterprises	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	237.31	118.65
Total	**237.31**	**118.65**
II. Other Payables		
i) Dues to micro enterprises and small enterprises	11.60	-
ii) Dues to creditors other than micro enterprises and small enterprises	562.72	47.47
Total	**574.32**	**47.47**
Total(I+II)	**811.63**	**166.12**

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

16 Debt securities

Particulars	As at 31 March 2021	As at 31 March 2020
Secured (at amortised cost)		
Liability component of compound financial instruments	-	879.94
Listed redeemable non-convertible debentures	49,190.65	2,54,242.05
Unlisted redeemable non-convertible debentures	4,946.11	3,290.34
Unsecured (at amortised cost)		
Listed redeemable non-convertible debentures	-	497.69
Unlisted redeemable non-convertible debentures	1,42,703.00	1,995.13
Total	**1,96,839.76**	**2,60,905.15**
Borrowings in India	1,96,839.76	2,60,905.15
Borrowings outside India	-	-
Total	**1,96,839.76**	**2,60,905.15**

(i) Refer note 16.1 for interest rates, repayment terms and nature of security of debt securities.

17 Borrowings (other than debt securities)

Particulars	As at 31 March 2021	As at 31 March 2020
Borrowings carried at amortised cost		
Term loans		
- From banks:		
Secured	47,235.68	26,402.18
- From financial institutions:		
Secured	60,275.66	35,729.48
Lease liability	166.50	28.86
Total	**1,07,677.84**	**62,160.52**
Borrowings in India	1,07,677.84	62,160.52
Borrowings outside India	-	-
Total	**1,07,677.84**	**62,160.52**

(i) Refer note 17.1 for interest rates repayment terms and nature of security of borrowings.

18 Subordinated liabilities

Particulars	As at 31 March 2021	As at 31 March 2020
At amortised cost		
Unsecured term loan		
- Term loan from financial institutions	2,988.10	2,986.12
- Debentures [refer note (ii) below]	1,988.86	1,983.49
	4,976.96	**4,969.61**
Subordinated liabilities in India	4,976.96	4,969.61
Subordinated liabilities outside India	-	-
Total	**4,976.96**	**4,969.61**

(i) Refer note 18.1 for interest rates repayment terms and nature of security of borrowings.

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

18 Subordinated liabilities (Contd..)

(ii) During the year ended 31 March 2021, the Company has allotted 28,500,000 equity shares of ₹10 each at an issue price of ₹40 per share including a premium of ₹30 per share on conversion of 11,400 Compulsory Convertible Debenture of face value of ₹100,000 each fully paid-up to Navi Finserv Private Limited (Formerly known as Chaitanya Rural Intermediation Development Services Private Limited).

19 Other financial liabilities*

Particulars	As at 31 March 2021	As at 31 March 2020
Interest accrued on borrowings	2,041.95	1,510.12
Payables towards assignment transactions	800.19	847.49
Insurance payables	44.19	146.15
Payable to employees	109.76	29.98
Payable towards investments settlement**	6,025.51	-
Other Payables	111.18	-
Total	**9,132.78**	**2,533.74**

*Refer note 19.1 for movement in financial liabilities

**Represents investments/ (redemptions) in securities which are pending for settlement as on 31 March 2021 which are subsequently settled on 6 April 2021

20 Current tax liabilities (net)

Particulars	As at 31 March 2021	As at 31 March 2020
Tax payable	227.05	71.50
Dividend distribution tax payable	-	507.92
Total	**227.05**	**579.42**

21 Provisions

Particulars	As at 31 March 2021	As at 31 March 2020
Provision for employee benefits	863.91	490.00
Provision for gratuity	316.34	258.99
Provisions for compensated absences	366.93	241.49
Provision for expenses	602.19	-
Other Losses	6.84	12.64
Total	**2,156.21**	**1,003.12**

22 Other non-financial liabilities

Particulars	As at 31 March 2021	As at 31 March 2020
Statutory dues payable	371.85	260.47
Deferred revenue	277.92	39.21
Other payable	26.09	0.47
Total	**675.86**	**300.15**

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

16.1 Terms of debentures (secured) (at amortised cost)

Terms of debentures	Number of debentures		Face value	Amount	
	As at 31 March 2021	As at 31 March 2020		As at 31 March 2021	As at 31 March 2020
12.40% Secured, Rated, Listed, Redeemable, Transferable, Non-Convertible Debentures dated 22 June 2017 with Call / Put option with exercise date on 29 June 2021. Redeemable on maturity if option not exercised or communication for roll-over received from lender.	250	250	10,00,000	2,500.00	2,500.00
14.50% Rated, Senior, Unsecured, Unlisted, Redeemable, Transferable, Principal Protected Market linked Non-Convertible Debentures dated 10 May 2018	2,000	2,000	1,00,000	2,000.00	2,000.00
14.50% Senior Unsecured, Rated, Listed, Transferable, Redeemable, Non-Convertible Debentures dated 11 February 2016	50	50	10,00,000	500.00	500.00
11.80% Secured Senior, Rated, Listed, Redeemable non-convertible debentures dated 08 June 2020	150	-	10,00,000	1,500.00	-
11.04% Secured Senior, Rated, Listed, Redeemable non-convertible debentures dated 01 July 2020	500	-	10,00,000	5,000.00	-
9.90% Secured Senior, Rated, Listed, Redeemable non-convertible debentures dated 30 September 2020	300	-	9,23,000	2,769.00	-
10.25% Secured, Rated, Listed, Redeemable non-convertible debentures dated 19 November 2020	500	-	10,00,000	5,000.00	-
9.35% Secured Senior, Rated, Listed, Redeemable non-convertible debentures dated 15 December 2020	2,500	-	1,00,000	2,500.00	-
10.00% Senior, Secured, Rated, Listed, Redeemable, Transferable, Principal Protected Market Linked Non-Convertible dated 01 February 2021	3,100	-	1,00,000	3,100.00	-
9.32% Rated, Unlisted, Senior, Secured, Redeemable, Taxable, Transferable, non-convertible debentures dated 30 March 2021	500	-	10,00,000	5,000.00	-
12.90% Secured, Rated, Unlisted, Redeemable, Non-Convertible Debentures dated 01 August 2017	-	330	10,00,000	-	3,300.00

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

16.1 Terms of debentures (secured) (at amortised cost) (Contd..)

Terms of debentures	Number of debentures		Face value	Amount	
	As at 31 March 2021	As at 31 March 2020		As at 31 March 2021	As at 31 March 2020
13.09% Secured, Rated, Listed, Redeemable, Transferable, Non-Convertible Debentures dated 29 October 2018 with Call / Put option at the end of 24 months from the exercise date. Redeemable on maturity if option not exercised or communication for roll-over received from lender	-	220	10,00,000	-	2,200.00
13.09% Secured, Rated, Listed, Redeemable, Transferable, Non-Convertible Debentures dated 29 October 2018 with Call / Put option at the end of 24 months from the exercise date. Redeemable on maturity if option not exercised or communication for roll-over received from lender	-	220	10,00,000	-	2,200.00
11.00% Unsecured, Unrated, Unlisted, Irredeemable, Convertible Debentures dated 10 February 2020	-	11,400	1,00,000	-	11,400.00
Secured Listed Rated Redeemable Principal Protected Market Linked Non-Convertible Debentures. Maturity Date is 17 June 2022. Redemption premium is 9.25%	1,500	-	10,00,000	15,000.00	-
Secured Listed Rated Redeemable Principal Protected Market Linked Non-Convertible Debentures. Maturity Date is 16 June 2022. Redemption premium is 10%	469	-	10,00,000	4,690.00	-
Secured Listed Rated Redeemable Principal Protected Market Linked Non-Convertible Debentures. Maturity Date is 26 May 2022. Redemption premium is 10%	750	-	10,00,000	7,500.00	-
0% unsecured, unrated, fully redeemable, Non-Convertible Debentures dated 30 March 2020 with call / put option. Maturity date is 31 December 2024	1,40,20,558	1,87,61,050	1,000	1,40,205.58	1,87,610.50
0% unsecured, unrated, fully redeemable, Non-Convertible Debentures dated 22 November 2019 with call / put option. Maturity date is 31 December 2024	-	59,75,645	1,000	-	59,756.45

Notes forming part of the Financial Statements for the year ended 31 March 2021

(All amounts in ₹ lakhs unless otherwise stated)

17.1 Details of terms and conditions of Borrowings

Borrowings (other than debt securities)							
Sl no.	Repayment terms	No. of instalments	Repayment commencement	Interest rate terms	Nature of the security	As at 31 March 2021	As at 31 March 2020
1	Monthly	15	Apr-21	8.50%	Exclusive charge on standard receivables (upto 30 days DPD) with a minimum cover of 1.20x	2,500.00	-
2	Monthly	18	Apr-21	9.60%	Exclusive charge on specific loan receivables arising out of Term loan from our bank excluding amount over due more than 3 months, keeping a minimum asset cover of 1.2x	1,500.00	-
3	Monthly	24	Apr-21	9.40%	First & exclusive charge on Book Debts to the extent of 1.20x with PAR (less than 30 days) of loan limit.	3,000.00	-
4	Monthly	18	Feb-21	9.60%	Exclusive hypothecation of present and future loan receivables. Security margin - 120% of the loan principal outstanding during the currency of the loan.	2,222.22	-
5	Monthly	15	Apr-21	9.75%	Exclusive charge on specific loan receivables arising out of loan lending.	200.00	
6	Monthly	36	Aug-17	13.44%	Exclusive first charge (floating) on portfolio of receivables.	-	26.42
7	Monthly	36	Jan-18	14.00%	Hypothecation of book debts (105%), postdated cheques/ NACH mandate with 3 security cheques for the entire repayment	-	75.00
8	Monthly	36	Jan-18	14.00%	Hypothecation of book debts (105%), postdated cheques/ NACH mandate with 3 security cheques for the entire repayment	-	61.11
9	Monthly	24	Apr-19	15.00%	Hypothecation of book debts (110%), postdated cheques/ NACH mandate with 3 security cheques for the entire repayment	-	100.00
10	Monthly	36	Apr-18	13.50%	Exclusive hypothecation charges over receivables/ portfolio/ book debts with cover of 110% of outstanding principal amount	-	165.04
11	Monthly	24	Dec-18	14.00%	Loan cover of 110% of the amount financed, security of post dated cheques	-	81.57
12	Monthly	24	Jun-19	14.35%	Demand promissory notes, letter of continuity, deed of hypothecation	-	213.85
13	Semi annually	1	Jul-20	8.25%	Pass through certificates, mutual funds and marketable securities	-	11,500.00

Notes forming part of the Financial Statements for the year ended 31 March 2021

(All amounts in ₹ lakhs unless otherwise stated)

17.1 Details of terms and conditions of Borrowings (Contd..)

Borrowings (other than debt securities)							
Sl no.	Repayment terms	No. of instalments	Repayment commencement	Interest rate terms	Nature of the security	As at 31 March 2021	As at 31 March 2020
14	Semi annually	1	Aug-20	8.25%	Pass through certificates, mutual funds and marketable securities	-	11,500.00
15	Bullet repayment	1	Apr-21	3.50%	Bonds	9,774.70	-
16	Bullet repayment	1	Apr-21	3.50%	Bonds	10,714.69	-
17	Bullet repayment	1	Apr-21	3.50%	Bonds	10,125.03	-
18	Monthly	18	Jul-19	14.00%	Hypothecation of book debts	-	1,222.22
19	Monthly	24	Jun-19	10.95%	Hypothecation of book debts	62.50	312.50
20	Monthly	24	Mar-21	9.35%	Hypothecation of book debts	2,000.00	-
21	Quarterly	33	Nov-17	12.00%	Hypothecation of book debts	-	111.11
22	Quarterly	33	Feb-18	12.00%	Hypothecation of book debts	-	333.33
23	Monthly	24	Mar-19	13.50%	Hypothecation of book debts	-	521.74
24	Quarterly	36	Apr-20	10.25%	Hypothecation of book debts	666.60	-
25	Monthly	24	Sep-18	13.60%	Hypothecation of book debts	-	462.50
26	Monthly	22	Sep-18	12.44%	Hypothecation of book debts	-	233.33
27	Monthly	22	Jul-19	13.00%	Hypothecation of book debts	-	750.00
28	Monthly	24	Dec-20	9.75%	Hypothecation of book debts	2,187.50	-
29	Monthly	24	Dec-19	11.00%	Hypothecation of book debts	937.50	2,187.50
30	Monthly	21	Dec-19	11.70%	Hypothecation of book debts	1,002.36	2,000.00
31	Monthly	24	Dec-20	10.25%	Hypothecation of book debts	500.00	-
32	Monthly	24	Dec-20	10.25%	Hypothecation of book debts	500.00	-
33	Monthly	24	Jan-21	10.25%	Hypothecation of book debts	1,500.00	-
34	Monthly	36	Sep-17	13.00%	Hypothecation of book debts	-	135.32
35	Monthly	24	Jun-19	14.30%	Hypothecation of book debts	-	657.42
36	Monthly	22	Jul-19	13.00%	Hypothecation of book debts	-	1,818.18
37	Monthly	22	Aug-19	13.00%	Hypothecation of book debts	-	772.73
38	Monthly	22	Oct-19	13.00%	Hypothecation of book debts	-	431.82
39	Monthly	22	Jan-20	12.05%	Hypothecation of book debts	68.18	1,500.00
40	Monthly	24	Sep-20	12.05%	Hypothecation of book debts	1,636.18	-
41	Monthly	24	Nov-20	10.15%	Hypothecation of book debts	2,272.73	-

Notes forming part of the Financial Statements for the year ended 31 March 2021

(All amounts in ₹ lakhs unless otherwise stated)

17.1 Details of terms and conditions of Borrowings (Contd..)

Borrowings (other than debt securities)							
Sl no.	Repayment terms	No. of instalments	Repayment commencement	Interest rate terms	Nature of the security	As at 31 March 2021	As at 31 March 2020
42	Monthly	24	Dec-20	10.15%	Hypothecation of book debts	1,909.09	-
43	Monthly	24	Dec-20	10.15%	Hypothecation of book debts	1,431.82	-
44	Monthly	24	Jan-21	10.15%	Hypothecation of book debts	2,500.00	-
45	Monthly	24	Mar-21	10.15%	Hypothecation of book debts	1,500.00	-
46	Monthly	48	Jun-18	13.75%	Hypothecation of book debts	937.50	1,500.00
47	Monthly	36	Oct-18	14.00%	Hypothecation of book debts	233.33	633.33
48	Monthly	21	Aug-19	14.00%	Hypothecation of book debts	238.10	809.52
49	Monthly	24	Oct-20	11.00%	Hypothecation of book debts	2,261.90	-
50	Monthly	24	Nov-20	11.00%	Hypothecation of book debts	2,261.90	-
51	Monthly	24	Dec-20	11.00%	Hypothecation of book debts	2,261.90	-
52	Monthly	24	Mar-21	11.00%	Hypothecation of book debts	2,500.00	-
53	Monthly	24	Mar-20	11.20%	Hypothecation of book debts	1,195.65	2,500.00
54	Monthly	24	Mar-20	11.20%	Hypothecation of book debts	1,195.65	2,500.00
55	Monthly	24	Jan-20	11.15%	Hypothecation of book debts	1,666.67	3,666.67
56	Monthly	24	Mar-21	9.50%	Hypothecation of book debts	4,000.00	-
57	Monthly	24	Oct-18	12.75%	Hypothecation of book debts	-	184.79
58	Quarterly	36	Nov-17	14.00%	Hypothecation of book debts	-	375.00
59	Quarterly	36	Nov-18	13.75%	Hypothecation of book debts	-	1,458.50
60	Monthly	36	Nov-18	14.00%	Hypothecation of book debts	-	303.26
61	Monthly	24	Jan-19	14.00%	Hypothecation of book debts	-	145.83
62	Monthly	24	Jan-19	14.00%	Hypothecation of book debts	-	145.83
63	Monthly	12	Jul-19	14.00%	Hypothecation of book debts	-	83.33
64	Monthly	12	Jul-19	14.00%	Hypothecation of book debts	-	83.33
65	Monthly	12	Jul-19	14.00%	Hypothecation of book debts	-	83.33
66	Monthly	12	Jul-19	14.00%	Hypothecation of book debts	-	83.33
67	Monthly	12	Jul-19	14.00%	Hypothecation of book debts	-	83.33
68	Monthly	12	Jul-19	14.00%	Hypothecation of book debts	-	83.33
69	Monthly	24	Mar-20	11.75%	Hypothecation of book debts	175.00	350.00
70	Monthly	24	Mar-20	11.75%	Hypothecation of book debts	75.00	150.00

Notes forming part of the Financial Statements for the year ended 31 March 2021

(All amounts in ₹ lakhs unless otherwise stated)

17.1 Details of terms and conditions of Borrowings (Contd..)

Borrowings (other than debt securities)							
Sl no.	Repayment terms	No. of instalments	Repayment commencement	Interest rate terms	Nature of the security	As at 31 March 2021	As at 31 March 2020
71	Monthly	24	Mar-20	11.75%	Hypothecation of book debts	175.00	350.00
72	Monthly	24	Mar-20	11.75%	Hypothecation of book debts	75.00	150.00
73	Monthly	24	Mar-20	11.75%	Hypothecation of book debts	175.00	350.00
74	Monthly	24	Mar-20	11.75%	Hypothecation of book debts	75.00	150.00
75	Monthly	24	Mar-20	11.75%	Hypothecation of book debts	175.00	350.00
76	Monthly	24	Mar-20	11.75%	Hypothecation of book debts	75.00	150.00
77	Monthly	24	Mar-20	11.75%	Hypothecation of book debts	175.00	350.00
78	Monthly	24	Mar-20	11.75%	Hypothecation of book debts	75.00	150.00
79	Half yearly	60	Aug-19	11.75%	Hypothecation of book debts	2,475.00	3,825.00
80	Half yearly	23	Jun-20	7.00%	Hypothecation of book debts	1,875.00	-
81	Interest monthly, principal quarterly	60	Feb-21	9.90%	Hypothecation of book debts	12,000.00	-
82	Quarterly	36	Jun-19	13.75%	Hypothecation of book debts	625.00	1,125.00
83	Monthly	36	Feb-21	10.15%	Hypothecation of book debts	2,500.00	-
84	Monthly	36	Oct-17	14.40%	Hypothecation of book debts	-	46.79
85	Monthly	36	Oct-17	14.40%	Hypothecation of book debts	-	187.49
86	Monthly	36	Mar-18	14.40%	Hypothecation of book debts	-	194.19
87	Monthly	36	Mar-18	14.40%	Hypothecation of book debts	-	192.32
88	Monthly	36	Mar-18	14.40%	Hypothecation of book debts	-	192.70
89	Monthly	36	Mar-18	14.40%	Hypothecation of book debts	-	192.47
90	Monthly	36	Jul-18	14.65%	Hypothecation of book debts	-	756.43
91	Monthly	36	Jan-19	15.85%	Hypothecation of book debts	-	320.44
92	Monthly	24	Mar-21	9.00%	Hypothecation of book debts	4,000.00	-
93	Monthly	10	May-20	6.97%	Hypothecation of book debts	500.00	-
94	Monthly	36	Apr-18	11.45%	Hypothecation of book debts	67.04	925.00
95	Monthly	36	May-20	9.50%	Hypothecation of book debts	3,032.00	-

Notes:

(a) Lease liabilities not included

(b) All the above mentioned repayments disclosed as per the contractual maturities of debt securities, borrowing other than debt securities and subordinate liabilities at gross carrying value.

Notes forming part of the Financial Statements for the year ended 31 March 2021

(All amounts in ₹ lakhs unless otherwise stated)

18.1 Details of terms and conditions of subordinated liabilities

Borrowings (other than debt securities)							
Sl no.	Repayment terms	No. of instalments	Repayment commencement	Interest rate terms	Nature of the security	As at 31 March 2021	As at 31 March 2020
1	Principal: Bullet Repayment. Interest: Monthly	84	Feb-18	15.00%	Unsecured	1,000.00	1,000.00
2	Bullet	1	Dec-15	16.50%	Unsecured	500.00	500.00
3	Bullet	1	Dec-16	14.50%	Unsecured	1,500.00	1,500.00
4	Bullet repayment	1	Aug-18	16.00%	Unsecured	1,000.00	1,000.00
5	Bullet	1	Feb-16	17.00%	Unsecured	500.00	500.00
6	Bullet, INT on Monthly	1	Feb-19	16.00%	Unsecured	500.00	500.00

Notes:

(a) Lease liabilities not included

(b) All the above mentioned repayments disclosed as per the contractual maturities of debt securities, borrowing other than debt securities and subordinate liabilities at gross carrying value.

19.1 Reconciliation of liabilities from financing activities

Particulars	As at 31 March 2020	Cash flow			Non-cash					As at 31 March 2021
		Additions	Payment	Lease payments	Lease liability	Upfront fees and amortisation	Interest on liability component of compulsorily convertible debentures	Equity component of compulsorily convertible debentures	Consideration received in the form of investments for NCDs issued	
Debt securities	2,60,905.15	52,290.00	(1,15,091.98)	-	-	(383.47)	-	(879.94)	-	1,96,839.76
Borrowings (other than debt securities)	62,160.52	3,29,761.90	(2,84,329.60)	(41.43)	182.65	(56.20)	-	-	-	1,07,677.84
Subordinated liabilities	4,969.61	-	-	-	-	7.35	-	-	-	4,976.96
Total	**3,28,035.28**	**3,82,051.90**	**(3,99,421.58)**	**(41.43)**	**182.65**	**(432.32)**	**-**	**(879.94)**	**-**	**3,09,494.56**

Notes forming part of the Financial Statements for the year ended 31 March 2021

(All amounts in ₹ lakhs unless otherwise stated)

19.1 Reconciliation of liabilities from financing activities (Contd..)

Particulars	As at 31 March 2019	Cash flow			Non-cash					As at 31 March 2020
		Additions	Payment	Lease payments	Lease liability	Upfront fees and amortisation	Interest on liability component of compulsorily convertible debentures	Equity component of compulsorily convertible debentures	Consideration received in the form of investments for NCDs issued	
Debt securities	14,743.00	38,900.00	(22,214.79)	-	-	(41.73)	20.48	(10,368.76)	2,39,866.95	2,60,905.15
Borrowings (other than debt securities)	31,535.62	62,075.00	(31,509.61)	(28.56)	17.05	71.02	-	-	-	62,160.52
Subordinated liabilities	6,466.27	-	(1,500.00)	-	-	3.34	-	-	-	4,969.61
Total	**52,744.89**	**1,00,975.00**	**(55,224.40)**	**(28.56)**	**17.05**	**32.63**	**20.48**	**(10,368.76)**	**2,39,866.95**	**3,28,035.28**

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

23 Equity share capital

Particulars	As at 31 March 2021	As at 31 March 2020
Authorised share capital		
175,000,000 Equity shares of ₹ 10 each (31 March 2020: 175,000,000 equity shares of ₹ 10 each)	17,500.00	17,500.00
Total authorised capital	**17,500.00**	**17,500.00**
Issued, subscribed and fully paid up share capital		
165,240,353 Equity shares of ₹ 10 each (31 March 2020: 151,907,020 equity shares of ₹ 10 each)	16,524.04	15,190.70
Less: Amount receivable from Chaitanya Employee Welfare Trust (face value of 578,000 shares allotted to the trust) - refer note (e) below	-	(57.80)
Total equity share capital	**16,524.04**	**15,132.90**

(i) Rights, preferences and restrictions attached to equity shares:

The Company has equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors in any financial year is subject to the approval of the shareholders in the ensuing Annual General Meeting, except interim dividend. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders. The equity shares shall be transferable subject to the provisions contained in the Articles of Association and in the agreements entered / to be entered into with the investors / shareholders from time to time.

(ii) Reconciliation of equity shares outstanding at the beginning and at the end of the year

Particulars	As at 31 March 2021		As at 31 March 2020	
	Number of shares	Amount	Number of shares	Amount
Equity share capital of ₹ 10 each fully paid up				
Balance at the beginning of the year	15,13,29,020	15,132.90	2,63,11,393	2,631.14
Add: Issued during the year	1,33,33,333	1,333.34	12,94,22,908	12,942.29
Add: ESOP exercised during the year	5,78,000	57.80		
Less: Buy back of shares	-	-	(44,05,281)	(440.53)
Balance at the end of the year	**16,52,40,353**	**16,524.04**	**15,13,29,020**	**15,132.90**

(a) During the year ended 31 March 2021, the Company allotted 13,333,333 equity shares of ₹ 10 each at an issue price of ₹ 75 per share including premium of ₹ 65 per share to Navi Technologies Private Limited (formerly known as BAC Acquisitions Private Limited) ('the Holding Company).

(b) The Company has given an interest and collateral free loan to an Employee Stock Option Plan Trust ("Chaitanya Employee Welfare Trust" or "ESOP Trust") to provide financial assistance for purchase of equity shares of the Company under Employee Stock Option Scheme. The Company has established the ESOP Trust to which the stock options issuable (578,000 equity shares) have been transferred. The amount recoverable from the ESOP Trust was reduced from share capital (to the extent of face value) and from securities premium (to the extent of premium on shares).

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

23 Equity share capital (Contd..)

(iii) Shares held by the holding company

Particulars	As at 31 March 2021		As at 31 March 2020	
	Number of shares	% holding*	Number of shares	% holding
Navi Technologies Private Limited (formerly known as BAC Acquisitions Private Limited)	16,52,40,353	100.00	15,13,29,020	99.62

*The shareholding percentage of the holding company is before considering the adjustment as mentioned in note (b) above and would be at 100% post adjustment.

(iv) Shareholders holding more than 5% of shares of the Company as at balance sheet date:

Particulars	As at 31 March 2021		As at 31 March 2020	
	Number of shares	% holding*	Number of shares	% holding*
Navi Technologies Private Limited (formerly known as BAC Acquisitions Private Limited)	16,52,40,353	100.00	15,13,29,020.00	99.62

*The shareholding percentage of the shareholders holding more than 5% of shares of the Company is calculated before considering the adjustment as mentioned in note (b) above.

24 Other equity

Particulars	As at 31 March 2021	As at 31 March 2020
Securities premium		
Opening Balance	78,730.41	4,735.44
Add : Securities premium credited on share issue	8,828.50	77,058.40
Add : Transfer from ESOP reserve	167.98	-
Less: Premium utilised	(277.83)	-
a) Buy back of shares	-	(2,622.90)
b) Transfer to Capital Redemption Reserve	-	(440.53)
Closing balance	**87,449.06**	**78,730.41**
Reserve fund u/s 45-IC of the Reserve Bank of India Act 1934		
Opening balance	592.60	306.98
Add: Transfer from retained earnings	2,405.47	285.62
Closing balance	**2,998.07**	**592.60**
Capital Redemption Reserve		
Opening balance	440.53	-
Add: Created on buy back of equity shares	-	440.53
Closing balance	**440.53**	**440.53**
Employee stock options outstanding reserve		
Opening balance	147.74	81.20
Add: Stock option reserve created	188.22	66.54
Less: Transferred to securities premium	(335.96)	-
Closing balance	**-**	**147.74**
Retained earnings		
Opening balance	604.28	(80.81)
Add: Transferred from statement of profit and loss	12,027.24	1,429.59

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

24 Other equity (Contd..)

Particulars	As at 31 March 2021	As at 31 March 2020
Less: Appropriations/transfers:	-	-
- Transfer to statutory reserve as per Section 45-IC of the RBI Act, 1934	(2,405.47)	(285.62)
- Transfer to other comprehensive income (net of deferred tax)	(210.58)	49.04
- Dividend distribution tax	-	(507.92)
- Transfer to debenture redemption reserve	(100.00)	-
Closing Balance	**9,915.47**	**604.28**
Other comprehensive income		
Opening balance	(28.78)	20.26
Add: Transfer from retained earnings	210.58	(49.04)
Deferred tax on the above	-	-
Closing balance	**181.80**	**(28.78)**
Debenture redemption reserve		
Opening	-	-
Add: Transfer from retained earnings	100.00	-
Less: Utilisation	-	-
Closing balance	**100.00**	**-**
Equity component of compound financial instruments		
Opening Balance	10,368.76	-
Add : Net Interest Paid on CCDs	277.83	10,368.76
Less : Closing amount of CCDs converted to equity	(10,646.59)	-
Closing balance	**-**	**10,368.76**
Total	**1,01,084.93**	**90,855.54**

Notes:

Nature and purpose of reserves:

Securities premium reserve

Securities premium account: The amount received in excess of face value of the equity shares is recognised in Securities Premium Reserve. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.

Statutory reserve

Every year the Group 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.

Other comprehensive income

Re-measurement of the net defined benefit liability/(asset) comprises actuarial gain and losses.

Employee stock options outstanding

The account is used to recognise the grant date value of options issued to employees under Employee stock option plan and adjusted as and when such options are exercised or otherwise expire.

Retained earnings

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

Capital Redemption Reserve

Capital Redemption Reserve has been created in accordance with Section 69 of the Companies Act, 2013, being the nominal value of the shares brought back by the Company during the year.

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

25 Interest income

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
On financial assets measured at amortised cost		
Interest on loans	28,333.84	17,738.57
Interest on investments	8,444.83	3,122.65
Interest income - others	557.54	6.27
Sub-total	**37,336.21**	**20,867.49**
On financial assets measured classified at fair value through profit or loss		
Interest on investments	2,818.50	2,345.07
Sub-total	**2,818.50**	**2,345.07**
Total	**40,154.71**	**23,212.56**

26 Fees and commission income

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Fee received on collections	238.58	76.50
Service fee on assigned loans	-	333.02
Commission income	123.48	85.63
Total	**362.06**	**495.15**

27 Net gain on fair value changes

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
(A) Net gain on financial instruments at fair value through profit or loss		
(i) On trading portfolio:		
Debt securities	12,459.28	-
Mutual fund	1,778.16	-
Future trading	(1,727.41)	-
(ii) on financial instruments designated at FVTPL:		
Debt securities	226.34	-
Equity instruments	1,101.44	-
(B) Net gain on financial instruments at amortised cost		
Debt Securities	61.90	-
Pass through certificate	195.25	-
Gain on sale of investments	-	186.91
Net gain on fair value changes of investments	-	1.96
Total	**14,094.96**	**188.87**
Fair value changes		
- Realised	10,877.03	186.91
- Unrealised	3,217.93	1.96
Total	**14,094.96**	**188.87**

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

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

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Gain on sale of loan portfolio through assignment	1,809.25	332.34
Gain on sale of loan portfolio	88.88	-
Total	**1,898.13**	**332.34**

29 Other income

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Profit on sale of property, plant and equipment	6.63	-
Miscellaneous income	7.05	0.89
Total	**13.68**	**0.89**

30 Finance costs

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
On financial liabilities measured at amortised cost:		
Interest on borrowings	5,193.21	4,947.36
Interest on debt securities	2,651.46	2,323.45
Processing fees on borrowings	302.28	124.59
Interest on security deposits	2.05	-
Interest on subordinated liabilities	150.00	151.20
Interest on lease liability	6.23	2.71
Interest on inter-corporate loans	0.04	-
Preclosure charges - Borrowings and term loans	83.24	-
Interest on income tax	91.95	10.93
Bank charges	144.95	2.05
Assignment expense	20.23	165.92
Interest on PSC	-	142.78
EIR of preference share issue cost	-	25.16
Others	69.30	66.85
Total	**8,714.94**	**7,963.00**

31 Fees and commission expenses

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Fee paid to business correspondents	143.54	220.84
Total	**143.54**	**220.84**

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

32 Net loss on fair value changes

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
(A) Net loss on financial instruments at fair value through profit or loss:		
(i) On trading portfolio		
- Investments		
Debt securities	-	(1.00)
Mutual fund		(52.51)
Future trading	-	69.85
(ii) on financial instruments designated at FVTPL		
Debt securities	-	(448.58)
Equity instruments	-	2,738.58
(B) Net loss on financial instruments at amortized cost		
Pass through certificate	-	16.77
Total	**-**	**2,323.11**
Fair value changes		
- Realised	-	144.33
- Unrealised	-	2,178.78
Total	**-**	**2,323.11**

33 Impairment on financial instruments

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Portfolio loans written off	2,883.78	939.32
Impairment allowance on portfolio loans	13,938.50	1,479.63
Impairment allowance on investments	1,462.99	264.00
Bad Debts written off	-	-
Impairment loss allowance on other receivable	76.18	102.18
Total	**18,361.45**	**2,785.13**

34 Employee benefits expenses

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Salaries and wages	6,410.92	5,052.76
Contribution to provident and other funds	392.53	286.56
Gratuity expense	138.12	80.93
Compensated absences	115.43	76.08
Staff welfare expenses	207.37	152.94
Share based payments to employees	182.61	33.27
Total	**7,446.98**	**5,682.54**

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

35 Depreciation and amortization

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Depreciation on tangible assets (refer note 12)	136.87	144.12
Amortisation on intangible assets (refer note 13)	8.77	7.86
Depreciation on right of use assets	35.28	26.21
Total	**180.92**	**178.19**

36 Other expenses

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Advertisement Expenses	2,001.42	20.41
Software support charges	1,263.95	-
Traveling and conveyance	722.17	803.88
Customer onboarding and verification	422.70	-
Legal and professional charges	488.83	469.06
Rent and electricity charges	361.61	276.00
Office and general expenses	219.22	246.99
Rates and taxes	149.46	524.88
Printing and stationery	-	-
Miscellaneous expenses	5.92	123.62
Director's sitting fees	69.05	23.70
Auditors' remuneration	36.35	43.73
Corporate social responsibility expenses	34.71	0.60
Membership fee and subscription	26.94	17.05
Insurance	19.76	27.15
Repairs and maintenance - others	39.84	124.76
Meeting and training Expenses	25.72	-
Communication costs	133.27	117.19
Total	**6,020.92**	**2,819.02**

37 Tax expense

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Current tax	6,370.09	1,802.10
Deferred tax	(2,531.97)	(1,022.75)
Total	**3,838.12**	**779.35**

The reconciliation of estimated income tax expense at statutory income tax rate to income tax expense reported in statement of profit and loss is as follows:

Profit before tax (III - IV)	15,654.79	2,257.98
Income tax rate	25.17%	25.17%
Estimated income tax expense	**3,940.00**	**568.29**

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

37 Tax expense (Contd..)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense:		
Adjustment for tax pertaining to prior years	-65.00	-
Tax impact of expenses which are non-deductible	23.98	233.21
Tax impact of deductions which are allowed under the Income Tax act, 1961	-118.79	-
Impact of changes in tax rate	-	50.16
Others	57.93	-72.31
Total income tax expense	**3,838.12**	**779.35**

38 Other comprehensive income

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Actuarial gain/loss reclassified from gratuity expense to OCI	54.68	(15.60)
Actuarial gain/loss reclassified from Leave Encashment expense to OCI	(54.48)	(49.94)
Items that will not be reclassified to profit and loss	**0.20**	**(65.54)**
Income tax relating to above	(0.05)	16.50
Net change in fair value of loans measured at fair value through other comprehensive income	281.20	-
Income tax relating to items that will be reclassified to profit or loss	(70.78)	-
Total	**210.57**	**(49.04)**

39 Earnings per share (basic and diluted)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Net profit for the year	11,816.67	1,478.63
Weighted-average number of equity shares for basic EPS	1,522.13	650.83
Weighted-average number of potential equity shares for diluted EPS	1,522.13	656.42
Par value per share		
Earnings per share - Basic	7.76	2.27
Earnings per share - Diluted	7.76	2.25

40 Retirement benefit plan

Defined contribution plan

The Group makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards provident fund and other funds which are defined contribution plans. The Group has no obligations other than this to make the specified contributions. The contributions are charged to the Statement of Profit and Loss as they accrue. The Group makes Provident Fund and Employee State Insurance Scheme contributions which are defined contribution plans for qualifying employees. Under the Schemes, the Group is required to contribute a specified percentage of the payroll costs to fund the benefits. The Group recognized ₹ 377.55 lakhs (31 March 2020: ₹ 267.25 lakhs) for Provident Fund contributions and ₹ 14.98 lakhs (31 March 2020: ₹ 19.31 lakhs) for Employee State Insurance Scheme contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Group are at rates specified in the rules of the Schemes.

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

40 Retirement benefit plan (Contd..)

Employee benefit obligations:

Balance recognised in the balance sheet is as under:

Particulars	As at 31 March 2021	As at 31 March 2020
Gratuity	316.34	258.99

Expense recognised in Statement of Profit and Loss is as under:

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Current service cost	96.95	70.68
Interest cost (net)	16.47	10.25
Transfer from Group entities	24.70	-

Expense recognised through other comprehensive income is as under:

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Gratuity	(54.68)	19.06

Disclosure for gratuity

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Components of net gratuity cost charged to Statement of profit and loss		
Current service cost	96.95	70.68
Interest expense	16.47	10.25
Transfer from Group entities	24.70	-
Benefits paid	(1.22)	-
Actuarial gains	(2.61)	(0.83)
Total (A)	**134.29**	**80.10**
Components of remeasurement gains/losses in other comprehensive income		
Actuarial changes arising from changes in demographic assumptions	-	-
Actuarial changes arising from changes in financial assumptions	-	1.57
Experience adjustments	-	(2.40)
Total (B)	**-**	**(0.83)**
Total (A+B)	**134.29**	**79.27**
Present value of defined benefit obligation at the beginning of the year	258.99	165.59
Current service cost	96.95	70.68
Interest cost	16.47	10.25
Past service cost	24.70	-
Benefits paid	(26.09)	(6.59)
Actuarial (gain)/ loss	(54.68)	19.06
Defined benefit obligation at the end of the year	**316.34**	**258.99**

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

40 Retirement benefit plan (Contd..)

Disclosure for gratuity (Contd..)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Changes in fair value of plan assets		
Fair value of plan assets at the beginning of the year	-	-
Interest income	-	-
Employer direct benefits payments	24.87	6.58
Benefits paid	(24.87)	(6.58)
Benefits paid from the fund	-	-
Return on plan assets excluding interest income	-	-
Fair value of plan assets end of the year	**-**	**-**

Reconciliation of present value of defined benefit obligation and the fair value of assets:

Particulars	31 March 2021	31 March 2020
Present value of funded obligation as at the end of the year	316.34	258.99
Fair value of plan assets as at the end of the period funded status	-	-
(Unfunded)/funded net liability recognized in balance sheet	(316.34)	(258.99)

Actuarial (gain)/loss recognised in other comprehensive income:

Particulars	31 March 2021	31 March 2020
Actuarial loss/ (gain) on assets	-	-
Actuarial (gain) / loss on liabilities:		
Actuarial (gain) from change in demographic assumption	-	-
Actuarial loss from change in financial assumption	-	-
Actuarial loss from experience adjustment	(2.61)	(0.83)
Total Actuarial (gain) / loss on liabilities	**(2.61)**	**(0.83)**
Total actuarial (gain)/loss	**2.61**	**0.83**

Principal assumptions used in determining gratuity liability are shown below:	As at 31 March 2021	As at 31 March 2020
Rate of discounting	6.68% - 7.19%	6.29% - 6.82%
Expected rate of salary increase	6% - 7%	6% - 7%
Rate of employee turnover	5% - 23%	5% - 23%
Retirement age (years)	60	60

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

40 Retirement benefit plan (Contd..)

Disclosure for gratuity (Contd..)

Sensitivity analysis for gratuity liability

Particulars	31 March 2021	31 March 2020
Impact on defined benefit obligation		
Discount rate +100 basis points	(11.47)	(19.31)
Discount rate -100 basis points	28.93	22.61
Salary growth+ 100 basis points	25.79	19.29
Salary growth- 100 basis points	(9.86)	(16.74)
Attrition rate + 100 basis points	(3.23)	(4.08)
Attrition rate - 100 basis points	4.14	4.32

The above sensitivity analysis is based on a change an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied which was applied while calculating the defined benefit obligation liability recognised in the balance sheet.

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

Maturity profile of defined benefit obligation

Particulars	31 March 2021	31 March 2020
Within next 12 months	0.92	0.28
Between 1-5 years	51.12	10.41
Beyond 5 years	-	-

Expected future payouts (discounted)	31 March 2021	31 March 2020
Year I	26.31	21.21
Year II	20.61	16.50
Year III	16.22	12.87
Year IV	12.33	10.17
Year V	9.57	7.73
Year 6-10	32.25	22.52
Above 10 years	199.06	167.99

Disclosure for Leave encashment

(i) Amount recognised in the balance sheet

Particulars	31 March 2021	31 March 2020
Defined benefit plans		
Leave encashment	366.93	241.48

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

40 Retirement benefit plan (Contd..)

(ii) Amount recognised in the statement of profit and loss

Particulars	31 March 2021	31 March 2020
Current service cost	76.49	68.56
Interest cost (net)	14.70	7.52
Transfer In	24.24	-
Actuarial loss/(gain) recognised during the year	54.48	46.49
Amount recognised in total comprehensive income	**169.91**	**122.57**

(iii) Movement in the present value of defined benefit obligation recognised in the balance sheet

Description	31 March 2021	31 March 2020
Present value of defined benefit obligation as at the beginning of the year	241.49	118.91
Current service cost	76.49	68.56
Interest cost	14.70	7.52
Benefits paid	(44.47)	-
Transfer In	24.24	-
Actuarial (gain)/loss	54.48	46.49
Present value of defined benefit obligation as at the end of the year	**366.93**	**241.48**

(iv) Movement in the plan assets recognised in the balance sheet

Description	31 March 2021	31 March 2020
Fair value of plan assets at the beginning of the year		
Expected return on plan assets	-	-
Contributions by employer	-	-
Benefits paid	-	-
Actuarial gain/(loss)	-	-
Fair value of plan assets at the end of the year	**-**	**-**

(v) Reconciliation of present value of defined benefit obligation and the fair value of assets:

Description	31 March 2021	31 March 2020
Present value of funded obligation as at the end of the year	366.93	241.48
Fair value of plan assets as at the end of the period funded status	-	-
(Unfunded)/funded net liability recognized in balance sheet	**(366.93)**	**(241.48)**

(vi) Actuarial (gain)/loss recognised in other comprehensive income:

Description	31 March 2021	31 March 2020
Actuarial loss/ (gain) on assets	-	-
Actuarial (gain) / loss on liabilities		
Actuarial (gain) from change in demographic assumption	-	-

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

40 Retirement benefit plan (Contd..)

(vi) Actuarial (gain)/loss recognised in other comprehensive income:

Description	31 March 2021	31 March 2020
Actuarial loss from change in financial assumption	-	-
Actuarial loss from experience adjustment	54.48	46.49
Total Actuarial (gain) / loss on liabilities	**54.48**	**46.49**
Total actuarial (gain)/loss	**54.48**	**46.49**

(vii) Actuarial assumptions used for determination of the liability of the Company:

Description	31 March 2021	31 March 2020
Discount rate	6.68% - 7.19%	6.29% - 6.82%
Rate of increase in compensation levels	6% - 7%	6% - 7%
Rate of employee turnover	5% - 23%	5% - 23%
Retirement age	60	60

(iv) Movement in the plan assets recognised in the balance sheet

Description	31 March 2021	31 March 2020
Within next 12 months	63.17	53.20
Beyond 1 year	303.76	188.28

Plan characteristics and associated risks

1. Salary inflation risk

   Higher than expected increases in salary will increase the defined benefit obligation

2. Demographic risks:

   This is the risk of volatility of results due to unexpected nature of decrements that include mortality attrition, disability and retirement. The effects of this decrement on the defined benefit obligation depend upon the combination of salary increase, discount rate and vesting criteria. It is important not to overstate withdrawal rate because the cost of retirement benefit of an employee serving a shorter tenor will be less compared to long service employees.

3. Actuarial risk

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

   a) Adverse salary growth

   b) Variability in mortality rates

   c) Variability in withdrawal rates

4. Market risk

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

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

40 Retirement benefit plan (Contd..)

5. Legislative/Regulatory risk

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

6. Liquidity risk

The Company is making provisions for the entire gratuity liability as per actuarial valuation and follows a 'pay as you go' system to meet the liabilities as and when they fall due. Therefore, there is a liquidity risk involved that they may run out of cash.

41 Related parties disclosures

(a) Names of related parties

Nature of relationship	Name of the party
Holding Company	Navi Technologies Private Limited (formerly known as BAC Acquisitions Private Limited)
Entities in which KMP are able to exercise control or have significant influence	Chaitanya Employee Welfare Trust Navi Technologies Private Limited (formerly known as BAC Acquisitions Private Limited)
Entities in which Directors are able to exercise control or have significant influence	Navi General Insurance Limited
Name of key managerial personnel	**Designation**
Mr. Sachin Bansal	Non - Executive Director
Mr. Ankit Agarwal	Non - Executive Director
Mr. Samit S Shetty	Non - Executive Director (w.e.f. 1 March 2021)
Mr. Samit S Shetty	Executive Director (w.e.f. 4 November 2020, until 28 February 2021)
Mr. Samit S Shetty	CEO (w.e.f. 11 May 2020, until 18 February 2021)
Ms. Riya Bhattachraya	CEO (w.e.f. 18 February 2021)
Mr. L N Gurumoorthy	CFO (w.e.f. 24 March 2021)
Ms. Dimple J Shah	Company Secretary
Name of Directors	**Designation**
Mr. K S Ravi	Independent Director (until 31 August 2020)
Mr. R Nandakumar	Independent Director (until 31 August 2020)
Usha A Narayanan	Independent Director (w.e.f. 6 June 2020)
Ranganathan Sridharan	Independent Director (w.e.f. 31 August 2020)

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

41 Related parties disclosures (Contd..)

(b) Transactions with related parties

Name of related party	Nature of transaction	Year ended 31 March 2021	Year ended 31 March 2020
Navi Technologies Private Limited	Issue of non convertible debentures	-	2,64,866.96
(formerly known as BAC Acquisitions Private Limited)	Redemption of non-convertible debentures	1,07,161.37	17,500.00
	Face value of equity shares allotted	1,333.33	12,501.76
	Securities premium received	8,666.67	77,058.40
	Reimbursement of expenditure incurred from related party	77.66	-
	Technology consultancy share expense	1,200.46	-
	Loan processing fee paid	841.95	-
	Platform management fee	3.83	-
	Expense cross charged	193.67	-
	Sale of property, plant and equipments	13.95	-
	Purchase of debentures	9,990.88	-
	Rent paid	11.76	-
	Share based payments to employees	52.99	
	Others	4.85	-
Navi General Insurance Limited	Deposit for issuing insurance policies	56.00	-
	Premium charged for issuance of customer insurance policies	52.81	
	Payment for employee medical insurance	37.77	-
Mr. Samit Shankar Shetty	Buy back of shares	-	2,324.92
	Remuneration	81.85	62.60
	Provident fund and others	0.05	0.22
Mr. U Raghurama Rao	Buy back of shares	-	231.66
Ms. Shashikala Rao	Buy back of shares	-	113.39
Ms. Riya Bhattacharya	Remuneration	15.95	-
Mr.L N Gurumoorthy	Remuneration	2.47	-
Mr. K Subramanyam Ravi	Sitting fees	6.76	-
Mr. R Sridharan	Sitting fees	24.17	-
Mr. Rachamadugu Nandakumar	Sitting fees	6.76	-
Ms. Usha A Narayanan	Sitting fees	18.38	-
Mr. K S Ravi	Sitting fees	5.40	11.85
Mr. R Nandakumar	Sitting fees	5.05	11.85
Ms. Dimple J Shah	Remuneration and incentives	2.31	13.16
	Provident fund and others	0.05	0.22
Mr. Sachin Bansal	Issue of non convertible debentures	-	2,500.00
	Redemption of non-convertible debentures	-	(2,500.00)
	Interest on non-convertible debentures	-	189.86

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

41 Related parties disclosures (Contd..)

(c) Outstanding balances with related parties in ordinary course of business:

Name of related party	Nature of balance	Year ended 31 March 2021	Year ended 31 March 2020
Navi Technologies Private Limited (formerly known as BAC Acquisitions Private Limited)	Outstanding (payable)/ receivable - net - Business correspondence activities	-367.29	0.00
Navi Technologies Private Limited (formerly known as BAC Acquisitions Private Limited)	Non-convertible debentures	-1,40,205.58	-2,47,366.95
Navi Technologies Private Limited (formerly known as BAC Acquisitions Private Limited)	Provision for employee benefits (ESOP expense)	-52.99	
Navi General Insurance Limited	CD Balance	3.19	0.00
Navi General Insurance Limited (Formerly known as COCO General Insurance Limited)	Outstanding receivable	2.92	0.00
Navi Technologies Private Limited	Outstanding receivable	4.85	0.00

42 Maturity analysis of assets and liabilities

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

Particulars	As at 31 March 2021			As at 31 March 2020		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Assets						
Financial assets						
Cash and cash equivalents	16,679.83	-	16,679.83	2,528.95	-	2,528.95
Bank balances other than cash and cash equivalents	6,713.64	1,373.92	8,087.56	737.69	694.96	1,432.65
Trade receivables	4.85	-	4.85	-	-	-
Loans*	1,13,811.50	52,317.50	1,66,129.00	69,767.95	24,016.87	93,784.82
Investment	2,30,816.00	11,165.22	2,41,981.22	2,60,257.05	77,912.96	3,38,170.01
Other financial assets	1,685.10	258.25	1,943.35	329.85	12.09	341.94
Non-financial assets						
Deferred tax asset (net)	-	4,078.48	4,078.48	-	1,617.34	1,617.34
Property, plant and equipment	-	325.93	325.93	-	319.63	319.63
Right to use asset	-	163.44	163.44	4.13	21.49	25.62
Other intangible assets	-	226.12	226.12	-	148.87	148.87
Other non-financial assets	407.47	79.81	487.28	175.49	60.95	236.44
Total	**3,70,118.39**	**69,988.67**	**4,40,107.06**	**3,33,801.11**	**1,04,805.16**	**4,38,606.27**

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

42 Maturity analysis of assets and liabilities (Contd..)

Particulars	As at 31 March 2021			As at 31 March 2020		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Liabilities						
Financial liabilities						
Trade Payables						
(i) total outstanding dues of micro enterprises and small enterprises						
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	237.31	-	237.31	118.65	-	118.65
Other payables						
(i) total outstanding dues of micro enterprises and small enterprises	11.60	-	11.60	-	-	
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	562.72	-	562.72	47.47	-	47.47
Borrowings	2,20,928.58	88,565.98	3,09,494.56	2,80,242.41	47,792.87	3,28,035.28
Other financial liabilities	9,082.67	50.11	9,132.78	2,533.74	-	2,533.74
Non financial liabilities						
Current tax liabilities (net)	227.05	-	227.05	579.42	-	579.42
Provisions	1,369.70	786.51	2,156.21	567.14	435.98	1,003.12
Other non financial liabilities	639.17	36.69	675.86	300.13	0.02	300.15
Total	**2,33,058.80**	**89,439.29**	**3,22,498.09**	**2,84,388.96**	**48,228.87**	**3,32,617.83**
Net	**1,37,059.59**	**(19,450.62)**	**1,17,608.97**	**49,412.15**	**56,576.29**	**1,05,988.44**

*Amounts disclosed as per anticipated repayment pattern as on 31 March 2020 owing to moratorium given to customers on account of COVID-19 pandemic as per RBI guidelines.

43 Contingent liabilities, commitments and leasing arrangements

(A) Contingent liabilities

Description	As at 31 March 2021	As at 31 March 2020
a. Corporate guarantee [refer note (i) below]	109.95	103.19
b. In respect of Income tax demands where the Company has filed appeal before the relevant authority [refer note (ii) below]	161.35	130.74
Total	**271.30**	**233.93**

i) Corporate guarantee provided by the Company to a bank in relation to the term loan availed by CIFCPL, the Subsidiary Company.

ii) Future cash outflows in respect of (a) and (b) above are determinable only on receipt of judgements /decisions pending with various forums/authorities. The management believes that the ultimate outcome of these proceedings will not have a material adverse effect on the Company's financial position and results of operations.

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

43 Contingent liabilities, commitments and leasing arrangements (Contd..)

(B) Lease disclosures

Adoption of Indian Accounting standard - 116 "Leases"

The Company has adopted Ind AS 116, Leases effective 01 April 2019, as notified by the Ministry of Corporate Affairs (MCA) in the Companies (Indian Accounting Standard) Amendment Rules 2019, using modified retrospective approach from 01 April 2018 and charged depreciation on a straight line method basis on the right of use asset created on the transition date.

Carrying value of lease liability at the end of the reporting period.

Particulars	As at 31 March 2021	As at 31 March 2020
Opening lease liabilities	28.86	40.36
Addition to lease liabilities during the year	172.84	14.35
Interest expense on lease liabilities	6.23	2.71
Cash outflow for leases	(41.43)	(28.56)
Closing lease liabilities	**166.50**	**28.86**

Particulars	As at 31 March 2021	As at 31 March 2020
Opening value of right of use assets	25.62	37.33
Addition to lease assets during the year	173.10	14.50
Less: Depreciation charge for the year	(35.28)	(26.21)
Closing right to use assets	**163.44**	**25.62**

Description	For the year ended 31 March 2021	For the year ended 31 March 2020
Depreciation charge on right of use assets	35.28	26.21
Interest on lease liabilities	6.23	2.71
Total	**41.51**	**28.92**

Amounts recognised in the statement of cash flows

Description	For the year ended 31 March 2021	For the year ended 31 March 2020
Interest paid on lease liabilities	6.23	2.73
Payment towards lease liabilities	(41.43)	(28.56)
Total	**(35.19)**	**(25.83)**

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

43 Contingent liabilities, commitments and leasing arrangements (Contd..)

Maturity analysis of lease liabilities

Description	As at 31 March 2021	As at 31 March 2020
Within one year	40.30	4.63
After one year but not more than five years	126.20	24.23
More than five years	-	-
Total	**166.50**	**28.86**

Particulars	As at 31 March 2021	As at 31 March 2020
Nature of right of use asset	Office premises	Office premises
No. of right of use assets leased	4	1
Range of remaining term	33-44 Months	5 months
Average remaining lease term	36 months	5 months
Subsidiary		
Nature of right of use asset	Office premises	Office premises
No. of right of use assets leased	7	14
Range of remaining term	5 month to 32 months	1 month to 38 months
Average remaining lease term	15.14 months	13.67 months
Restrictions or covenants imposed by leases	None	None
Sale and leaseback transactions	None	None
Sale and leaseback transactions	None	None

(D) Revenue from contracts with customers

Set out below is the disaggregation of the Group's revenue from contracts with customers and reconciliation to statement of profit and loss account:

Description	As at 31 March 2021	As at 31 March 2020
Type of service		
Income from business correspondent operations	207.86	638.57
Total	**207.86**	**638.57**
Geographical markets		
India	207.86	638.57
Outside India	-	-
Total	**207.86**	**638.57**
Timing of revenue recognition		
Services transferred at a point in time	-	-
Services transferred over time	207.86	638.57
Total	**207.86**	**638.57**

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

43 Contingent liabilities, commitments and leasing arrangements (Contd..)

Contract balances

Description	As at 31 March 2021	As at 31 March 2020
Other receivables	4.85	-
Trade payable	237.31	118.65
Total payable	**(232.46)**	**(118.65)**

Reconciling the amount of revenue recognised in the statement of profit and loss with the contracted price

Description	As at 31 March 2021	As at 31 March 2020
Revenue as per contract	207.86	638.57
Adjustments	-	-
Revenue from contract with customers	**207.86**	**638.57**

Revenue recognition for contract with customers - Income from business correspondent operations

This consideration has been allocated amongst the performance obligations under the contract on the basis of relative standalone prices.

Revenue recognition: Revenue from both the performance obligations being sourcing of loans and servicing of loans shall be recognised over a period of time, as the customer benefits from these services and when it is delivered/performed by the Group.

44 Share based payments

ESOP Plan 2017

The Group has implemented an Employee Stock Option Plan called as Chaitanya Employee Stock Option Scheme 2017 ("ESOP 2017"). The Chaitanya Employee Stock Option Scheme 2017' (the 'Plan 2017') was approved in the Extraordinary General Meeting of the members held on 24 April 2017. The Company introduced the Plan to reward employees for their association with the Company, their performance as well as to attract, retain and motivate employees to contribute to the growth and profitability of the Company and its subsidiary company. The plan provides for the creation and issue of 739,500 options that would eventually convert into equity shares of ₹ 10 each in the hands of the employees. The options are to be granted to the eligible employees as per the eligibility criteria as recommended by the Board of Directors. The share options vest in a graded manner over a period of three years and are exercisable in one or more tranches within a period of ten years from the date of vesting, failing which the options shall lapse.

Pursuant to the Plan, the Company granted 621,000 options till 31 March 2021 (31 March 2020: 621,000). The stock compensation cost is computed under the fair value method.

Details of ESOP trust and plan:

ESOP trust	Grant – 1 of ESOP 2017	Grant – 2 of ESOP 2017
Date of grant	13 October 2017	26 March 2019
Date of Board Meeting, where ESOP was approved	12 October 2017	25 March 2019
Date of Committee Meeting where grant of options were approved	13 October 2017	26 March 2019
No. of options granted	5,59,000	62,000

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

44 Share based payments (Contd..)

ESOP trust	Grant – 1 of ESOP 2017	Grant – 2 of ESOP 2017
Method of settlement	The employees have to pay the exercise price to the Trust for acquiring the shares of the Company. The exercise price is ₹ 38 each	
Vesting conditions	The options shall vest over a period of 3 (three) years of continuous completed service from the date of grant of options	
Vesting period	The options shall vest at the rate of 33% on each anniversary of the grant, continuously for 3 years	
Exercise period	After completion of vesting period within 10 years of vesting of the options	
Pricing formula	The Company had issued shares to the Trust at ₹ 38 per share (valuation report was obtained)	

Details of grant and exercise of such options are as follows:

Particulars	Grant – 1 of ESOP 2017	Grant – 2 of ESOP 2017
No. of options granted	5,59,000	62,000
Date of grant of options	13 October 2017	26 March 2019
No. of employee to whom such options were granted	62	2
Exercise price*	₹ 38	₹ 38
No. of employees who have exercised the option	62	2
No. of options exercised	4,82,000.00	62,000.00

*Based on the valuation by a registered valuer.

Details of vesting of options Chaitanya Employee Stock Option Scheme 2017:

Grant-1

Vesting date	Vested options
13 October 2018	1,75,333
13 October 2019	1,60,000
13 October 2020	1,46,667

Grant-2

Vesting date	Vested options
26 March 2020	20,667
13 October 2020	41,333

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

44 Share based payments (Contd..)

Summary of options granted under the plan:

Particulars	As at 31 March 2021		As at 31 March 2020	
	No. of options	Weighted average exercise price	No. of options	Weighted average exercise price
Outstanding options at the beginning of the year	5,54,000	₹ 38	5,67,333	₹ 38
Granted during the year	-	-	-	
Forfeited during the year	-	-	-	
Exercised during the year	5,44,000	₹ 38	-	
Expired/lapsed during the year	10,000	₹ 38	13,333	₹ 38
Outstanding options at the end of the year	-	-	5,54,000	₹ 38
Exercisable at the end of the year	-	-	-	
Number of equity shares of ₹ 10 each fully paid up to be issued on exercise of option	-	-	5,54,000	₹ 38
Weighted average remaining contractual life (in years) of the option exercisable	-	-		10.71
Weighted average fair value of the options exercisable at grant date	Grant-1	-	Grant-1	16.20
	Grant-2	-	Grant-2	36.60

Share options outstanding at the end of the year having the following expiry date and exercise price: Nil

The fair value of the options was estimated on the date of grant using the Black-Scholes model with the following significant assumptions:

Grant date	13 October 2017	26 March 2019
Vesting period	10 years from the vesting date	10 years from the vesting date
Exercise price	38.00	38.00
Expected volatility (%)	21.00%	19.10%
Expected option life (in years)	7.00	7.00
Fair market value of the option on the grant date	16.20	36.60
Risk free interest rate	6.60%	7.20%

Employee wise details (name of employee, designation, number of options granted during the year, exercise price) - Nil (previous year - Nil)

There are no identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.

Note:

During the year ended 31 March 2021, there was an accelerated vesting of ESOPs on 13 October 2020, where in the holding company (Navi Technologies Private Limited) paid ₹75 per share to the Chaitanya Employee Welfare Trust being consideration for exercising ESOPs on behalf of employees and for subsequent transfer of such shares to the Holding Company.

Accordingly, the ESOPs were exercised and transferred to Navi Technologies Private Limited and the outstanding loan repaid by Chaitanya Employee Welfare Trust. Therefore such transfer of shares from Chaitanya Employee Welfare Trust to Navi Technologies Private Limited has been captured as a additional movement in the current year.

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

44 Share based payments (Contd..)

ESOP Plan 2019

Under the Employee Share-option Plan (ESOP), introduced on 17 October 2019 by Navi Technologies Private Limited (herein referred to as the "Holding Company"), at its discretion, may grant share options of the Holding Company to any of the employees including employees of its wholly owned subsidiaries.

The Holding Company introduced the Plan for the benefit of the employees of all companies under the Group. The options are to be granted to the eligible employees as per the eligibility criteria as determined by the Board/Compensation Committee at its sole discretion. Under the plan, participants have been granted options which will vest as follows:

Scheme	Vesting Conditions	Exercise Period	Exercise Price / Ratio	Other conditions
Employee Share-option Plan (ESOP), 2019	Vested in a graded manner over a period of 4 years.	Employees must remain in service for a period of 3 years from the date of grant.	₹ 100/-Options : Shares = 1:1	Options are exercisable in one or more tranches within a period of 10 years from the date of vesting, failing which the options shall lapse.

Pursuant to the plan, the Holding Company has granted 927,278 to the employees of the Group. Outstanding options as on 31 March 2021 are 912,648. The Stock compensation cost is computed under the fair value method and has been recognised over the vesting period up to 31 March 2021.

For the year ended 31 March 2021, the Group has recorded stock compensation expenses of ₹ 182.61 lakhs which has been granted by Holding Company.

	No. of options 31 March 2021	No. of options 31 March 2020
Options outstanding at the beginning	-	-
Granted during the year	9,27,278	-
Lapsed during the year	(14,630)	-
Options outstanding at the end	**9,12,648**	**-**

The fair value of share options granted is estimated at the date of grant using a Black Scholes Merton model, taking into account the terms and conditions upon which the share options were granted. The expected life used in the model has been adjusted, based on management's best estimate for the effects of non-transferability, exercise restrictions and behavioral considerations. The contractual term of the share options is ten years and there are no cash settlement alternatives for the employees. The Holding Company does not have a practice of cash settlement for these awards.

Further, in accordance with Para 43B-43C, Ind AS 102 Share based payments, although the Company is receiving the services of employees to whom share options are granted. But the options granted are not of its own equity instruments and the Company has no obligation to settle the share-based payment transaction.

Hence, the stock compensation cost in the books of the Company shall be recorded as cash-settled transaction.

Particulars	31 March 2021
Fair value of the equity share as on grant date	₹ 143.40
Weighted average fair values at the measurement date	₹ 100
Expected life of share options (years)	7.50
Expected volatility (%)	27.5%
Dividend yield (%)	0.0%
Risk–free interest rate (%)	6.3%
Weighted average share price (INR)	₹ 100
Model used	Black Scholes Merton

Expected volatility during the expected life of the option can be estimated using historical volatility of the underlying asset observed during the period equivalent to the expected life of the option.

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

45 Fair value measurement

45.1 Financial assets and liabilities

The carrying amounts and fair values of financial instruments by category are as follows:

Particulars	Note	As at 31 March 2021	As at 31 March 2020
Financial assets measured at fair value through P&L			
Investments	9	1,87,542.02	1,93,203.25
Financial assets measured at fair value through OCI			
Loans	8	20,547.26	-
Financial assets measured at amortised cost			
Cash and cash equivalents	5	16,679.83	2,528.95
Bank balance other than cash and cash equivalents	6	8,087.56	1,432.65
Trade receivables	7	4.85	-
Loans	8	1,45,581.74	93,784.84
Investments	9	54,439.20	1,44,966.75
Other financial assets	10	1,943.35	341.93
Total		**4,34,825.81**	**4,36,258.37**

Particulars	Note	As at 31 March 2021	As at 31 March 2020
Financial liabilities measured at amortised cost			
Trade payables	15	237.31	118.65
Other payables	15	574.32	47.47
Debt securities	16	1,96,839.76	2,60,905.15
Borrowings (other than debt securities)	17	1,07,677.84	62,160.52
Subordinated liabilities	18	4,976.96	4,969.61
Other financial liabilities	19	9,132.78	2,533.74
Total		**3,19,438.97**	**3,30,735.14**

45.2 Fair value hierarchy of assets and liabilities

The fair value of financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation sale. Methods and assumptions used to estimate the fair values are consistent in all the years. Fair value of financial instruments referred to in note (a) above has been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identical assets and liabilities and lowest priority to unobservable entity specific inputs.

The categories used are as follows:

Level 1: Quoted prices (unadjusted) for identical instruments in an active market;

Level 2: Directly (i.e. as prices) or indirectly (i.e. derived from prices) observable market inputs, other than Level 1 inputs; and

Level 3: Inputs which are not based on observable market data (unobservable inputs).

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

45 Fair value measurement (Contd..)

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

Particulars	As at 31 March 2021	As at 31 March 2020
Level 1 (Quoted prices in active market)		
Financial assets measured at FVTPL		
Investments in quoted equity instruments	-	3,796.75
Investments in mutual funds	9,000.40	-
Investments in bonds and debentures	1,70,979.41	1,42,655.88
Financial assets measured at FVTPL		
Investments in mutual funds	6,927.30	39,331.35
Investments in alternative investment funds	-	7,409.30
Investment in futures	634.91	9.97
Level 2 (Directly or indirectly observable market inputs other than Level 1 inputs)		
Financial assets measured at FVTOCI		
Loans	20,547.26	-
	2,08,089.28	**1,93,203.25**

45.3 Fair value of financial instruments measured at amortised cost

Set out below is a comparison, by class, of the carrying amounts and fair values of the Company's financial instruments measured at amortised cost.

Particulars	As at 31 March 2021		As at 31 March 2020	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets:				
Cash and cash equivalents	16,679.83	16,679.83	2,528.95	2,528.95
Bank balance other than cash and cash equivalents	8,087.56	8,087.56	1,432.65	1,432.65
Other receivables	4.85	4.85	-	-
Loans	1,45,581.74	1,45,581.74	93,784.84	93,784.84
Investments	54,439.20	54,439.20	1,44,966.75	1,44,966.75
Other financial assets	1,943.35	1,943.35	341.93	341.93
Total financial assets	**2,26,736.53**	**2,26,736.53**	**2,43,055.12**	**2,43,055.12**
Financial liabilities:				
Trade Payables	237.31	237.31	118.65	118.65
Payables	574.32	574.32	47.47	47.47
Debt securities	1,96,839.76	1,96,839.76	2,60,905.15	2,60,905.15
Borrowings (other than debt securities)	1,07,677.84	1,07,677.84	62,160.52	62,160.52
Subordinated liabilities	4,976.96	4,976.96	4,969.61	4,969.61
Other financial liabilities	9,132.78	9,132.78	2,533.74	2,533.74
Total financial liabilities	**3,19,438.97**	**3,19,438.97**	**3,30,735.14**	**3,30,735.14**

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

45 Fair value measurement (Contd..)

45.4 Valuation methodologies of financial instruments measured at amortised cost

Below are the methodologies and assumptions used to determine fair values for the above financial instruments which are not recorded and measured at fair value in the financial statements. These fair values were calculated for disclosure purposes only. The below methodologies and assumptions relate only to the instruments in the above tables. The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Financial assets at amortised cost

The fair value of loans given to customers are estimated using a discounted cash flow model based on contractual cash flows using actual or estimated yields.

The fair value of investments are estimated using a cash flow model based on contractual cash flows using actual maturities.

Financial liability at amortised cost

The fair value of borrowings, debt securities and subordinate liabilities are estimated using a discounted cash flow model based on contractual cash flows using actual or estimated yields.

Short term financial assets and liabilities

The fair value of cash and cash equivalents, bank balances, trade receivables, other financial assets and other financial liabilities approximate their carrying amount largely due to the short-term nature of these instruments. The Company's loans have been contracted at market rates of interest. Accordingly, the carrying value of these approximates fair value.

46 Risk management

Risk is an integral part of the Group's business and sound risk management is critical for the success. On account of it's business activities, the Group is exposed to various financial risks associated with financial products such as credit or default risk, market risk, interest rate risk, liquidity risk and inflationary risk. However, the Group has a robust financial risk management system in place to identify, evaluate, manage and mitigate various risks associated with its financial products to ensure that desired financial objectives are met. The Group's senior management is responsible for establishing and monitoring the risk management framework within its overall risk management objectives and strategies, as approved by the Board of Directors. Such risk management strategies and objectives are established to identify and analyse potential risks faced by the Group, set and monitor appropriate risk limits and controls, periodically review the changes in market conditions and assess risk management performance. Any change in Group's risk management objectives and policies needs prior approval of it's Board of Directors.

This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements.

Risk	Exposure arising from	Measurement	Risk management
Credit risk	Financial assets (excluding cash in hand)	Ageing analysis and credit risk modelling	Structured and standardized credit appraisal process, Field credit assessment, diversification of asset base, Group guarantee (joint liability Group loans), borrower indebtedness limits, diversification of asset base, credit limits and collaterals taken for assets, wherever applicable
Liquidity risk	Financial liabilities	Cash flow forecasts	Committed borrowing and other credit facilities and sale of loan assets (whenever required)

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

46 Risk management (Contd..)

Risk	Exposure arising from	Measurement	Risk management
Market risk - interest rate	Investments, borrowings, debt securities and subordinated liabilities carrying variable interest rates	Sensitivity analysis	Review of fair valuation of investments and review of cost of funds and pricing of disbursements.
Market risk - security price	Investments	Sensitivity analysis	Diversification of portfolio with focus on strategic investments
Systemic risk	External events impacting the system as a whole (i.e., industry, economy etc.) like COVID-19, demonetization etc.	Monitoring of external events, ageing analysis of industry data on loans, recovery trends witnessed by the sector.	Preservation of adequate liquidity to meet near term cash outflows and expense obligations, capital adequacy, diversification of portfolio across geographies and customer profiles, maintaining buffer provision to meet unexpected losses etc.

The Group has a risk management policy which covers all the risk associated with its assets and liabilities. The Group has implemented comprehensive policies and procedures to assess, monitor and manage risk throughout the Group. The risk management process is continuously reviewed, improved and adapted in tandem with internal metamorphosis and changing external environment. The process of continuous evaluation of risk also includes taking stock of the risk landscape on an event-driven basis.

The Group has an elaborate process for risk management. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis. The Group's treasury is responsible for managing its assets and liabilities, liquidity position, and the overall financial structure. It is also primarily responsible for the funding and interest rate risks of the Group.

46.1 Credit risk

A. Investments

This risk is common to all investors who invest in bonds and debt instruments and it refers to a situation where a particular bond issuer is unable to make the expected principal payments, interest rate payments, or both. Similarly, a lender bears the risk that the borrower may default in the payment of contractual interest or principal on its debt obligations, or both. The Group continuously monitors defaults of customers and other counterparties and incorporates this information into its credit risk controls.

B. Loans

Credit risk is the risk that a customer or counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group's substantial income is generated from lending to retail customers and therefore credit risk is the principal risk associated with the business.

The credit risk management policy of the Group seeks to have following controls and key metrics that allows risks to be identified, assessed, monitored and reported in a timely and efficient manner in compliance with regulatory requirements.

- Standardize the process of identifying new risks and designing appropriate controls for these risks
- Minimize losses due to defaults or untimely payments by borrowers
- Maintain an appropriate credit administration and loan review system
- Establish metrics for portfolio monitoring
- Design appropriate credit risk mitigation techniques

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

46 Risk management (Contd..)

46.1.1 Risk identification

Credit risk may originate in one or multiple of following ways mentioned below:

- Adverse selection of target market for undertaking lending activity (negative villages, migrant occupations, negative communities, etc.)

- Gap in credit assessment of borrower's credit worthiness (Failure to collect KYC documents, verify residential address, assess income source, determine validity of legal property documents)

- Security gaps or temporary technical glitches in the loan origination application of the Group leading to loans being sanctioned to ineligible individuals

- Undue influence of Animator/Representative on customers (political influence / middlemen influencing decisions of customers)

- Over-borrowing by customers

- Upper cap on loan ticket size

- Improper use of loan amount than the designated activity

- Over-concentration in any geography/branch/zone etc.

Credit risk in investments may originate in one or multiple of following ways mentioned below:

- Adverse economic environment / regulatory changes impacting the credit / liquidity profile of underlying issuers

- Financial stress due to internal factors (such as over-leveraging by underlying issuers) resulting in lower demand for the security in the

secondary market or leading to an impact on the issuer's ability to service debt obligations

- Any financial stress in the entities of the underlying issuer impacting its refinancing ability

- Deterioration in the value of underlying collateral

- Aggressive growth / policies affecting the asset quality and in turn profitability and refinancing options

- Material frauds by promoters / key management personnel / employees

- Breach of any covenants triggering cross-default / liquidity shocks

46.1.2 Risk assessment and measurement

The Group assesses and manages credit risk based on internal credit rating system. Internal credit rating is performed for each class of financial instruments with different characteristics. The Group assigns the following credit ratings to each class of financial assets based on the assumptions, inputs and factors specific to the class of financial assets.

(i) Low credit risk

(ii) Moderate credit risk

(iii) High credit risk

The Group provides for expected credit loss based on the following:

Risk	Assets covered	Basis of expected credit loss
Low credit risk	Cash and cash equivalents (excluding cash on hand), other bank balances, investments, loans, trade receivables and other financial assets	12 month expected credit loss
Moderate credit risk	Loans, investments and other financial assets	Life time expected credit loss or 12 month expected credit loss
High credit risk	Loans, investments and other financial assets	Life time expected credit loss or fully provided for

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

46 Risk management (Contd..)

46.1.3 Risk monitoring

Monitoring and follow up is an essential element in the overall risk management framework and is taken up very seriously at all levels within the organization. Monitoring and controlling risks is primarily performed based on limits established by the Group.

Investments - Risk concentration is minimized by investing in highly rated, investment grade bonds and debt instruments which have a very low risk of default. The Group lends to borrowers with a good credit score and generally most of the lending is secured against assets pledged by the borrower in favour of the Group. These investments are reviewed by the Board of Directors on a regular basis.

Loans - Borrower risk categorization is an effective tool to flag potential problems in the loan accounts and identify if any corrective action plan are to be taken. The Group regularly monitors borrower repayments and borrowers are accordingly categorized in low risk and high risk.

The performance indicators are continuously generated through monitoring alerts in the loan origination flow and post disbursal flow to highlight areas requiring attention and action. Monitoring includes diagnostic studies of problem areas in collections performance and proactively taking actions.

The risk monitoring metrics have been defined to track performance at each stage of the loan life cycle:

- Credit Origination - KYC pendency, if any; deviation index from the defined policies and procedures

- Credit sanction - Disbursement to high risk rated borrowers; early delinquency due to fraud

- Credit monitoring -

- Portfolio at risk - The metrics provides an indication of potential losses that may arise from overdue accounts. (loans staging more than 90 Days past due);

- Static pool analysis - Provides an indication about the portfolio performance vis-a-vis the vintage of the loans and helps compare performance of loans generated in different time periods

- Collection and recovery - collection efficiency, roll forward rates and roll backward rates.

46.1.4 Risk mitigation

Risk Mitigation or risk reduction is defined as the process of reducing risk exposures and/or minimizing the likelihood of incident occurrence.

Investments

With respect to investments, the Group maintains a well-diversified portfolio of investments in shares and securities which are saleable at any given point of time. A dedicated team of market experts are monitoring the markets on a continuous basis, which advises the management for timely purchase or sale of securities.

Loans

The following risk mitigation measures has been suggested at each stage of loan life cycle:

- Loan origination - profile/income selection, document verification process, KYC checks, creditworthiness checks based on CIBIL, fraud database checks, device data, regular updates to loan origination application based on security gaps and technical glitches identified etc.

- Loan underwriting - Risk rating, credit assessment, independent assessment of legal validity and value of property by experts etc.

- Loan pre and post disbursement - disbursement in the bank account only, loan utilisation checks

- Loan collection and recovery - monitor repayments, days past due review, DPD stagewise collection framework

- Appropriate policy-driven loan origination and collection process.

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

46 Risk management (Contd..)

46.1.4 Risk mitigation (Comtd..)

It is the Group's policy to ensure that a robust risk awareness is embedded in its organisational risk culture. Employees are expected to take ownership and be accountable for the risks the Group is exposed to that they decide to take on. Continuous training and development emphasizes that employees are made aware of the Group's risk appetite and they are supported in their roles and responsibilities to monitor and keep their exposure to risk within the Group's risk appetite limits. Compliance breaches and internal audit findings are important elements of employees' annual ratings and remuneration reviews.

46.1.5 Impairment assessment

Investments

The Group has commenced the treasury operations in investments in the year ended 31 March 2020. The Group has assessed the impairment allowance on the basis of EAD*PD*LGD. The default rates for these investments are considered as reported by external credit rating agencies. Exposure at default (EAD) is the carrying value of the investments (net of credit enhancement).

Loans

The Group is also engaged in the business of providing loans and access to credit to the customers. The tenure of which is ranging from 1 month to 60 months.

The Group's impairment assessment and measurement approach is set out in this note. It should be read in conjunction with the Summary of significant accounting policies Note 4.8.1 (Overview of the Expected Credit Loss).

Definition of default and cure

The Group considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments.

As a part of a qualitative assessment of whether a customer is in default, the Group also considers a variety of instances that may indicate unlikeliness to pay. When such events occur, the Group carefully considers whether the event should result in treating the customer as defaulted and therefore assessed as Stage 3 for ECL calculations or whether Stage 2 is appropriate.

It is the Group's policy to consider a financial instrument as 'cured' and therefore re-classified out of Stage 3 when the due amount have been paid. The decision whether to classify an asset as Stage 2 or Stage 1 once cured depends on the updated credit grade, at the time of the cure, and whether this indicates there has been a significant increase in credit risk compared to initial recognition.

The Group's internal credit rating grades and staging criteria for loans are as follows:

Internal rating grade	Internal rating description	Stages
Performing		
Standard grade - no overdue	No over due	Stage I
Standard grade - past due	DPD 1 to 30	Stage I
	DPD 31 to 60	Stage II
	DPD 61 to 89	Stage II
Non-performing		
Sub-standard grade	DPD => 90	Stage III

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

46 Risk management (Contd..)

46.1.5 Impairment assessment (Contd..)

Frequency of recognition

Riskiness of a financial asset is recognized in the following frequency: -

- At the time of initial recognition all financial assets are recognized as low credit risk.

- Assets are evaluated on a monthly frequency till the time it is fully repaid and closed; they are evaluated basis their days past due (DPD) status at every month-end, and risk classification is made accordingly.

- An asset may be re-recognized if there is adverse field information regarding client default.

Forward looking approach

ECL is based on history of financial asset and also includes forward-looking statement. Ind-AS does not mandate to forecast about the future conditions over the entire expected life of a financial asset, and ensures to extrapolate projection from available, detailed information. These includes : -

- Internal historical credit loss experience

- Industry trend of credit loss of homogeneous assets

- Historical credit loss experience of other similar assets to homogeneous set of customers

- Changes in underwriting capacity, collection efficiency, and management strength

- Macroeconomic factors such as interest rates, industry policies, GDP growth, inflation, etc.

- Regulatory factors such as systemic risk events, policy changes, and statutory guidelines

- Systemic events such as demonetization, Andhra Pradesh crisis, etc. and special situations such as floods, cyclone, earthquake, etc.

Measurement of ECL

Expected Credit Loss or ECL is measured in the following manner. The Company calculates ECL based on probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to the Company in accordance with the contract and the cash flows that the Company expects to receive.

ECL = PD*LGD*EAD

Each item is defined as follows: -

ECL - Expected credit loss

Present value of difference between contractual cash flows and actual cash flows expected to be received over a given time horizon

PD - Probability of default

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

LGD - Loss given default

The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the Company would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD

EAD- Exposure at default

Cash flows that are at risk of default over a given time horizon, The Exposure at Default is an estimate of the exposure at a future default date.

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

46 Risk management (Contd..)

46.1.5 Impairment assessment (Contd..)

i) Expected credit losses for financial assets other than loans

As at 31 March 2021	Estimated gross carrying amount at default	Expected credit losses	Carrying amount net of impairment provision
Cash and cash equivalents	16,679.83	-	16,679.83
Bank balance other than cash and cash equivalents	8,087.56	-	8,087.56
Trade receivables	4.85	-	4.85
Investments	2,43,708.21	(1,726.99)	2,41,981.22
Other financial assets	2,109.32	(165.97)	1,943.35

As at 31 March 2020	Estimated gross carrying amount at default	Expected credit losses	Carrying amount net of impairment provision
Cash and cash equivalents	2,528.95	-	2,528.95
Bank balance other than cash and cash equivalents	1,432.65	-	1,432.65
Investments	3,38,434.01	(264.00)	3,38,170.01
Other financial assets	431.59	(89.65)	341.94

Credit quality of assets

(a) Loans

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

Particulars	As at 31 March 2021				As at 31 March 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Internal rating grade								
Performing								
Standard grade- No Over Due	1,64,213.66	-	-	1,64,213.66	91,976.10	-	-	91,976.10
Standard grade- DPD 1 to 30	5,371.06	-	-	5,371.06	2,719.21	-	-	2,719.21
Standard grade- DPD 31 to 60	-	2,673.85	-	2,673.85	-	374.86	-	374.86
Standard grade- DPD 61 to 89	-	2,504.54	-	2,504.54	-	191.83	-	191.83
Non- performing								
Sub-standard grade- DPD > 89	-	-	7,706.64	7,706.64	-	-	1,271.86	1,271.86
Total	**1,69,584.72**	**5,178.39**	**7,706.64**	**1,82,469.75**	**94,695.31**	**566.69**	**1,271.86**	**96,533.86**

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

46 Risk management (Contd..)

46.1.5 Impairment assessment (Contd..)

(a) Loans (Contd..)

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to Portfolio loans is, as follows:

Particulars	Year ended 31 March 2021				Year ended 31 March 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount -opening balance	94,695.31	566.70	1,271.86	96,533.87	52,105.86	210.22	1,663.34	53,979.42
New assets originated	1,54,547.74	3,181.65	2,647.55	1,60,376.94	89,141.33	365.24	187.08	89,693.65
Movement between stages								
Transferring from Stage 1	(9,262.88)	3,849.25	5,413.63	-	(1,151.27)	519.65	631.62	-
Transferring from Stage 2	23.12	(199.21)	176.09	-	35.56	(87.70)	52.14	-
Transferring from Stage 3	0.99	0.40	(1.39)	-	3.55	4.50	(8.05)	-
Assets repaid, derecognized and written off	(70,419.56)	(2,220.40)	(1,801.10)	(74,441.06)	(45,439.72)	(445.22)	(1,254.27)	(47,139.21)
Gross carrying amount- closing balance	**1,69,584.72**	**5,178.39**	**7,706.64**	**1,82,469.75**	**94,695.31**	**566.69**	**1,271.86**	**96,533.86**

Note : new assets originated is presented net of collections made.

Reconciliation of ECL balance on loans is given below:

Particulars	Year ended 31 March 2021				Year ended 31 March 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Impairment allowance - opening balance	2,079.05	70.42	599.56	2,749.03	362.63	17.26	889.51	1,269.40
New assets originated	6,943.64	1,914.19	2,475.31	11,333.14	1,931.89	42.43	96.76	2,071.08
Movement between stages								
Transfers to Stage 1	(207.80)	83.41	124.38	-	(8.09)	3.62	4.47	-
Transfers to Stage 2	3.46	(33.66)	30.19	-	2.04	(8.49)	6.45	-
Transfers to Stage 3	0.26	0.26	(0.52)	-	0.97	1.31	(2.28)	-
Additional provision created during the year/(Assets repaid, derecognized and written off)	(1,514.39)	604.96	3,168.01	2,258.58	(210.37)	14.29	(395.36)	(591.44)
Impairment allowance - closing balance	**7,304.22**	**2,639.58**	**6,396.93**	**16,340.75**	**2,079.07**	**70.42**	**599.55**	**2,749.04**

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

46 Risk management (Contd..)

46.1.5 Impairment assessment (Contd..)

(b) Investments

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

Particulars	FY 2020-21				FY 2019-20			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Internal rating grade								
Performing								
Standard grade- DPD 0 to 30	27,695.15	-	-	27,695.15	1,33,744.69	-	-	1,33,744.69
Standard grade- DPD 31 to 60	-	-	-	-	-	-	-	-
Non-performing								
Standard grade- DPD >61	-	-	2,274.41	2,274.41	-	-	-	-
	27,695.15	**-**	**2,274.41**	**29,969.56**	**1,33,744.69**	**-**	**-**	**1,33,744.69**

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to investments is, as follows:

Particulars	FY 2020-21				FY 2019-20			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount -opening balance	**1,33,744.69**	**-**	**-**	**1,33,744.69**	**-**	**-**	**-**	**-**
New assets originated*	7,063.24	-	-	7,063.24	1,33,744.69	-	-	1,33,744.69
Movement between stages								
Transferring from Stage 1	(2,999.93)		2,999.93	-	-	-	-	-
Transferring from Stage 2	-	-	-	-	-	-	-	-
Transferring from Stage 3	-	-	-	-	-	-	-	-
Assets repaid, derecognized and written off	(1,10,112.85)	-	(725.52)	1,10,838.37)	-	-	-	-
Gross carrying amount- closing balance	**27,695.15**	**-**	**2,274.41**	**29,969.56**	**1,33,744.69**	**-**	**-**	**1,33,744.69**

* Excludes investment in unlisted compulsorily convertible debentures of the subsidiary company amounting to ₹ 11,400 lakhs as on 31 March 2020.

Note: new assets originated is presented net of repayments made.

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

46 Risk management (Contd..)

46.1.5 Impairment assessment (Contd..)

(b) Investments (Contd..)

Reconciliation of ECL balance on investments is given below:

Particulars	FY 2020-21				FY 2019-20			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Impairment allowance - opening balance	264.00	-	-	264.00	-	-	-	-
New assets originated	17.43	-	-	17.43	264.00	-	-	264.00
Movement between stages								
Transfers to Stage 1	(3.90)	-	3.90	-	-	-	-	-
Transfers to Stage 2	-	-	-	-	-	-	-	-
Transfers to Stage 3	-	-	-	-	-	-	-	-
Additional provision created during the year/(Assets repaid, derecognized and written off)	(256.36)	-	1,701.91	1,445.56	-	-	-	-
Impairment allowance - closing balance	**21.17**	**-**	**1,705.81**	**1,726.99**	**264.00**	**-**	**-**	**264.00**

Note: new assets originated is presented net of repayments made.

46.2 Liquidity risk and funding management

In assessing the Group's liquidity position, consideration shall be given to: (a) present and anticipated asset quality (b) present and future earnings capacity (c) historical funding requirements (d) current liquidity position (e) anticipated future funding needs, and (f) sources of funds. The Group maintains a well-diversified portfolio of investments in shares and securities which are saleable at any given point of time. A dedicated team of market experts are monitoring the markets on a continuous basis, which advises the management for timely purchase or sale of securities. The Group is currently having a mix of both short-term and long-term investments. The Group maintains a portfolio of other marketable assets that are assumed to be easily liquidated and undrawn cash credit limits which can be used in the event of an unforeseen interruption in cash flow. The Group also enters into direct assignment transactions of their loan portfolio, the funding from which can be accessed to meet liquidity needs. In accordance with the Group's policy, the liquidity position is assessed under a variety of scenarios, giving due consideration to stress factors relating to both the market in general and specifically to the Group. Net liquid assets consist of cash, short–term bank deposits and investments in mutual funds and other investments in securities which are categorised as "held for sale" and are available for immediate sale, less issued securities and borrowings due to mature within the next month. Borrowings from banks and financial institutions, issue of debentures and bonds are considered as important sources of funds to finance lending to customers. They are monitored using the advances to borrowings ratio, which compares loans and advances to customers as a percentage of secured and unsecured borrowings.

46.2.1. Analysis of financial assets and liabilities by remaining contractual maturities

The tables below analyse the Company's financial assets and liabilities into relevant maturity groupings based on their contractual maturities.

The amounts disclosed in the table are the contractual cash flows:

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

46 Risk management (Contd..)

46.2.1. Analysis of financial assets and liabilities by remaining contractual maturities (Contd..)

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

Internal rating grade	Less than 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
Financial assets					
Cash and cash equivalents	16,679.83	-	-	-	16,679.83
Bank balance other than cash and cash equivalents	6,713.64	1,223.75	150.08	-	8,087.47
Trade receivables	4.85	-	-	-	4.85
Loans *	1,13,811.50	50,728.23	1,318.09	271.18	1,66,129.00
Investments	2,30,815.99	8,321.28	2,831.79	12.16	2,41,981.22
Other financial assets	1,685.10	258.24	-	-	1,943.34
Total financial assets	**3,69,710.91**	**60,531.50**	**4,299.96**	**283.34**	**4,34,825.71**
Financial liabilities					
Trade payables	53.83	-	-	-	53.83
Other Payables	757.80	-	-	-	757.80
Borrowings(includes debt securities and subordinated liabilities)	2,20,928.59	80,246.03	8,319.94	-	3,09,494.56
Other financial liabilities	9,082.67	50.11	-	-	9,132.78
Total financial liabilities	**2,30,822.89**	**80,296.14**	**8,319.94**	**-**	**3,19,438.97**
Net undiscounted financial assets/(liabilities)	**1,38,888.02**	**(19,764.64)**	**(4,019.98)**	**283.34**	**1,15,386.74**

Maturity pattern of assets and liabilities as on 31 March 2020:

Internal rating grade	Less than 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
Financial assets					
Cash and cash equivalents	2,528.95	-	-	-	2,528.95
Bank balance other than cash and cash equivalents	737.69	694.96	-	-	1,432.65
Loans *	69,767.96	23,459.18	557.07	0.62	93,784.83
Investments	2,60,257.07	70,232.27	7,233.38	447.31	3,38,170.03
Other financial assets	329.85	11.89	0.20	-	341.94
Total financial assets	**3,33,621.52**	**94,398.30**	**7,790.65**	**447.93**	**4,36,258.40**
Financial liabilities					
Trade payables	47.47	-	-	-	47.47
Other Payables	118.65	-	-	-	118.65
Borrowings(includes debt securities and subordinated liabilities)	2,80,242.41	45,238.20	2,554.67	-	3,28,035.28
Other financial liabilities	2,533.74	-	-	-	2,533.74
Total financial liabilities	**2,82,942.27**	**45,238.20**	**2,554.67**	**-**	**3,30,735.14**
Net undiscounted financial assets/(liabilities)	**50,679.25**	**49,160.10**	**5,235.98**	**447.93**	**1,05,523.26**

*Amounts disclosed as per anticipated repayment pattern owing to moratorium given to customers on account of COVID-19 pandemic as per RBI guidelines.

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

46 Risk management (Contd..)

46.3 Systemic Risk

Systemic risk refers to the risk of a breakdown of an entire system rather than simply the failure of individual parts. In a financial context, it denotes the risk of a cascading failure in the financial sector, caused by linkages within the financial system, resulting in a severe economic downturn.

The COVID-19, a systemic risk and a global pandemic has affected the world economy including India, leading to significant decline and volatility in financial markets and decline in economic activities. The national lockdown announced on 23 March 2020 affected activities of organizations across the economic ecosystem, impacting earning prospects and valuations of companies and creating huge volatility in the stock markets. The impact of COVID-19 on Group's result remain uncertain and will dependent on future developments including the second wave that has significantly increased the number of cases in India.

The Group is continuously assessing the potential impact of the COVID-19 on it's operations. During such an uncertain period the focus of the management is to be financially well capitalised and maintain adequate liquidity to service its obligations, sustain its operations and also look at any appropriate investment/lending opportunities.

46.4 Market risk

Market Risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market factor. It is a form of systematic risk associated with the day-to-day fluctuation in the market prices of shares and securities and such market risk affects all securities and investors in the same manner. These daily price fluctuations follows its own broad trends and cycles and are more news and transaction driven rather than fundamentals and many a times, it may affect the returns from an investment. Market risks majorly comprises of two types - interest rate risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risks include borrowings and investments.

Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. It is a type of systematic risk that particularly affects fixed rate debt instruments like bonds and debentures. The value of the fixed-rate debt instruments generally decline due to rise in interest rates and vice versa. The rationale is that a bond is a promise of a future stream of payments; an investor will offer less for a bond that pays-out at a rate lower than the rates offered in the current market. A rising interest rate scenario also affects the Group's interest expenditure on borrowed funds.

The Asset Liability Committee shall manage its rate sensitivity position to ensure the long run earning power of the Group. In addressing this challenge, the ratios of rate sensitive assets (RSA) to rate sensitive liabilities (RSL) and gap (RSA minus RSL) to equity, as well as gap to total assets will be reviewed based on 30, 60, 90, 180, and 365-day, 1-2 year, and greater than 2 year definitions. More importantly, however, special emphasis is to be placed on the change in net interest income that will result from possible fluctuations in interest rates, changing account volumes, and time. The Asset Liability Management Committee evaluates asset liability management, and ensures that all significant mismatches, if any, are being managed appropriately. The Group monitors the interest rate scenarios on a regular basis and accordingly takes investments decisions as whether to invest in fixed rate debt instruments, shares and securities at a particular point of time.

The Group's investments in debt instruments and pass through certificates are all fixed interest bearing instruments. Refer the price sensitivity analysis given below.

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

Particulars	Effect on Statement of Profit and loss for the year 2020-21	Effect on Statement of Profit and loss for the year 2019-20
0.50% increase	733.39	385.34
0.50% decrease	(733.39)	(385.34)

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

46 Risk management (Contd..)

46.4 Market risk (Contd..)

Price risk

Price risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market traded price. It arises from financial assets such as investments in equity instruments, bonds, mutual funds etc. The Group is exposed to price risk arising mainly from investments carried at fair value through profit and loss which are valued using quoted prices in active markets (level 1 investments). A sensitivity analysis demonstrating the impact of change in market prices of these instruments from the prices existing as at the reporting date is given below:

Particulars	As at 31 March 2021	As at 31 March 2020
Investments carried at FVTPL valued using quoted prices in active market	1,87,542.02	1,93,203.25

Particulars	Effect on Statement of Profit and loss for the year 2020-21	Effect on Statement of Profit and loss for the year 2019-20
1% increase	1,875.42	1,932.03
1% increase	(1,875.42)	(1,932.03)

47 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM) of the Group. The CODM is responsible for allocating resources and assessing performance of the operating segments of the Group. The Group is in single business segment (primary segment) of giving loans and making investments. The entire revenues are billable within India and there is only one geographical segment (secondary segment).

48 Credit rating

The Group has obtained credit ratings from the following credit rating agencies during the year ended 31 March 2021

Holding Company

Total bank loan facilities rated	₹ 250 Crore
Long term rating	CRISIL A-/Stable (Assigned)

Subsidiary Company

Instruments	Credit rating agency	As on 31 March 2021	As on 31 March 2020
Bank facilities	ICRA	A (-) Stable	BBB Positive
Bank facilities	CRISIL	A (-) Stable	A (-) Stable
Bank facilities	Acuite	NA	BBB Stable
Bank facilities	BWR	NA	BBB(+) Stable
Non-convertible, redeemable, cumulative preference shares	BWR	NA	NA
Non-convertible debentures	ICRA	A (-) Stable	BBB Positive
Non-convertible debentures	CRISIL	A (-) Stable	NA
Sub-ordinated debt	ICRA	A (-) Stable	BBB Positive
Commercial papers	ICRA	A1	A2+

Notes forming part of the Financial Statements

for the year ended 31 March 2021 (All amounts in ₹ lakhs unless otherwise stated)

49 Disclosure of additional information pertaining to the Parent Company, and its subsidiary per Schedule III of Companies Act, 2013

Name of the entity in the Group	As at 31 March 2021		Year ended 31 March 2021					
	Net Assets i.e., total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of Consolidated net assets	Amount	As % of Consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of total comprehensive income	Amount
Parent Company:								
Navi Finserv Private Limited	68.48%	80,533.17	81.72%	,656.65	-6.20%	(13.05)	80.18%	9,643.60
Subsidiary Companies (Indian):								
Chaitanya India Fin Credit Private Limited	31.52%	37,075.77	18.28%	2,160.13	106.20%	223.62	19.82%	2,383.75

Name of the entity in the Group	As at 31 March 2020		Year ended 31 March 2020					
	Net Assets i.e., total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of Consolidated net assets	Amount	As % of Consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of total comprehensive income	Amount
Parent Company:								
Navi Finserv Private Limited	69.42%	73,576.73	65.71%	971.64	-6.55%	3.21	68.19%	974.85
Subsidiary Companies (Indian):								
Chaitanya India Fin Credit Private Limited	30.58%	32,411.71	34.29%	507.02	106.55%	-52.25	31.81%	454.77

As per our report of even date

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

For and on behalf of the Board of Directors of
Navi Finserv Private Limited
(formerly known as Chaitanya Rural Intermediation Development Services Private Limited)

Manish Gujral
Partner
Membership No. 105117
Place: Mumbai
Date: 24 June 2021

Samit Shetty
Director
DIN: 02573018
Place: Bengaluru
Date: 24 June 2021

Ankit Agarwal
Director
DIN: 08299808
Place: Bengaluru
Date: 24 June 2021

Dimple J Shah
Company Secretary
Membership no.: ACS A36349
Place: Bengaluru
Date: 24 June 2021

Riya Bhattacharya
Chief Executive Officer

Place: Bengaluru
Date: 24 June 2021

L N Gurumoorthy
Chief Financial Officer

Place: Chennai
Date: 24 June 2021

Shorter Notice of Ninth Annual General Meeting

SHORTER NOTICE IS HEREBY GIVEN THAT THE NINTH ANNUAL GENERAL MEETING OF THE SHAREHOLDERS OF NAVI FINSERV PRIVATE LIMITED (FORMERLY KNOWN AS CHAITANYA RURAL INTERMEDIATION DEVELOPMENT SERVICES PRIVATE LIMITED) WILL BE HELD ON TUESDAY, SEPTEMBER 21, 2021 AT 10:00 AM AT THE REGISTERED OFFICE OF THE COMPANY AT GROUND FLOOR, SALARPURIA BUSINESS CENTER NO 93, KORAMANGALA INDUSTRIAL LAYOUT BANGALORE 560095, KARNATAKA INDIA TO TRANSACT THE FOLLOWING BUSINESS:

ORDINARY BUSINESS:

ITEM NO 1: TO RECEIVE, CONSIDER AND ADOPT THE STANDALONE AND CONSOLIDATED AUDITED FINANCIAL STATEMENTS OF THE COMPANY FOR THE FINANCIAL YEAR ENDING MARCH 31, 2021 TOGETHER WITH THE REPORTS OF THE BOARD OF DIRECTORS AND OF THE AUDITORS THEREON.

To consider and thought fit, to pass with or without modification(s), the following resolution as an **ORDINARY RESOLUTION:**

"**RESOLVED THAT** the Standalone and Consolidated Audited Financial Statements of the Company for the financial year ended March 31, 2021 including the Audited Balance Sheet as at March 31, 2021, Statement of Profit & Loss account and Cash flow statements for the year ended March 31, 2021 and the Reports of the Board of Directors and Auditors thereon; along with all annexures as laid before this Annual General Meeting be and hereby received, considered and adopted."

ITEM NO 2: RATIFICATION OF APPOINTMENT OF WALKER CHANDIOK & CO AS STATUTORY AUDITOR OF THE COMPANY FOR THE FINANCIAL YEAR 2021-22.

To consider and thought fit, to pass with or without modification(s), the following resolution as an **ORDINARY RESOLUTION:**

"**RESOLVED THAT** pursuant to the provisions of Section 139 and all other applicable provisions, if any, of the Companies Act, 2013 ("Act"), Companies (Audit and Auditors) Rules, 2014 and the RBI Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) (Guidelines) as amended from time to time, the Company hereby ratifies the appointment of Walker Chandiok and Co, Chartered Accountant, (ICAI FRN: 001076N/ N500013), as Statutory Auditor of the Company for the FY 2021-22 at such remuneration as may be mutually agreed between the Board of Directors of the Company and the Auditors.

RESOLVED FURTHER THAT Ms. Riya Bhattacharya, Chief Executive Officer or Mr. L N Gurumoorthy, Chief Financial Officer or Ms. Dimple J Shah, Company Secretary of the Company are authorized to do such acts, deeds and things as may be deemed necessary, proper or desirable on behalf of the Company for the purpose of giving effect to this resolution."

SPECIAL BUSINESS:

ITEM NO: 3. TO AMEND THE ARTICLES OF ASSOCIATION("AOA") OF THE COMPANY

To consider and if thought fit, to pass with or without modification/s the following resolution as **SPECIAL RESOLUTION**:

"**RESOLVED THAT** pursuant to the provisions of Section 14 and any other applicable provisions of Companies Act, 2013 read with Rules thereunder (including any statutory modifications or re-enactment thereof, for the time being in force), the consent of the members of the Company be and are hereby accorded to alter the Articles of Association of the Company by way of (i) removal of the Common Seal clause as provided in Article II (2.1) (nn) and Article IX (9.11) of the AOA; and (ii) consequent renumbering of the Articles in the AOA.

RESOLVED FURTHER THAT Directors or Company Secretary of the Company be and are hereby authorized, to make all necessary filings, intimations with or to the concerned regulatory, statutory or governmental authorities or third parties in connection with the amendment of the AOA of the Company, as may be required for and on behalf of the Company pursuant to, or for giving effect to, the foregoing resolution."

ITEM NO: 4. TO AMEND THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION("MOA") OF THE COMPANY

To consider and if thought fit, to pass with or without modification/s the following resolution as **SPECIAL RESOLUTION**:

"**RESOLVED THAT** pursuant to the provisions of Section 4, 13 and if any other applicable provisions of Companies Act, 2013 read with Rules thereunder (including any statutory modifications or re-enactment thereof, for the time being in force), the consent of the members of the Company be and is hereby accorded for effecting the alterations in the existing Object Clause of the Memorandum of Association("MOA") of the Company by substituting the existing Clause 3(A)(1)(ii) in the following manner:

3(A)(1)(ii) To promote, organize, manage, or carry out activities of an insurance intermediary which includes but is not limited to marketing, distribution, servicing of all types of insurance and assurance products, collection of premiums from customers for life, general or health insurance products and passing on payments of premiums and other amounts to the insurance company, through Company's branches, offices, or other platforms, including but not limited to electronic/digital platforms or digital channels

RESOLVED FURTHER THAT Directors or Company Secretary of the Company be and are hereby authorized, to make all necessary filings, intimations with or to the concerned regulatory, statutory or governmental authorities or third parties in connection with the amendment of the MOA of the Company, as may be required for and on behalf of the Company pursuant to, or for giving effect to, the foregoing resolution."

ITEM NO: 5. TO AMEND THE CAPITAL CLAUSE OF THE MEMORANDUM OF ASSOCIATION("MOA") OF THE COMPANY

To consider and if thought fit, to pass with or without modification/s the following resolution as **SPECIAL RESOLUTION**:

"**RESOLVED THAT** pursuant to Section 61 and 64 of the Companies Act, 2013 and Rules made there under, consent of the members be and is hereby accorded to increase the authorized share capital of the Company from INR 175,00,00,000 (Indian Rupees One Hundred Seventy-Five Crores only) divided into 17,50,00,000(Seventeen Crore Fifty Lakh only) Equity shares of INR 10 (Indian Rupees Ten only) each to INR 205,00,00,000 (Indian Rupees Two Hundred Five Crores only) divided into 20,50,00,000 (Twenty Crores Fifty Lakh only) Equity shares of INR 10 (Indian Rupees Ten only) each ranking pari passu with the existing Equity shares of the Company in all respects.

RESOLVED FURTHER THAT the existing Clause V of the Memorandum of Association of the Company be altered accordingly by substituting Clause V with the below:

The Authorized Share Capital of the Company is INR 205,00,00,000 (Indian Rupees Two Hundred Five Crores only) divided into 20,50,00,000 (Twenty Crores Fifty Lakh only) Equity shares of INR 10 (Indian Rupees Ten only).

RESOLVED FURTHER THAT Directors or Company Secretary of the Company be and are hereby authorized, to make all necessary filings, intimations with or to the concerned regulatory, statutory or governmental authorities or third parties in connection with the amendment of the MOA of the Company, as may be required for and on behalf of the Company pursuant to, or for giving effect to, the foregoing resolution."

ITEM NO: 6. TO APPROVE THE ISSUANCE OF COMMERCIAL PAPERS("CPs").

To consider and if thought fit, to pass with or without modification/s the following resolution as **SPECIAL RESOLUTION**:

"RESOLVED THAT pursuant to the provisions of all applicable provisions of the Companies Act, 2013, read along with the Companies (Prospectus and Allotment of Securities) Rules, 2014, Companies (Share Capital and Debentures) Rules, 2014, and other applicable rules under the Companies Act, 2013 (including statutory modification(s), amendment(s) or re- enactment thereof and any circulars, notifications, clarifications, rules passed thereunder from time to time), SEBI (Issue and Listing of Debt Securities) Regulations, 2008, Reserve Bank of India and any other applicable law, and the Memorandum and Articles of Association of the Company and such other approvals, consents, sanctions, permissions, as may be necessary from all appropriate statutory and regulatory authorities, if any and to the extent necessary, approval of the members be and is hereby accorded for the issue and offer of up to INR 300,00,00,000 (Indian Rupees Three Hundred Crores) Unsecured Commercial Paper ("CPs") in the form of Usance Promissory Notes and any such other form to be issued in one or more tranches (the "Issue") during a period of one year from the date of this resolution as specified in draft offer letter(s) / information memorandum(s) to be circulated at the time of each such Issue which shall be within the overall borrowing limits of the Company as approved by the shareholders from time to time.

RESOLVED FURTHER THAT for the purpose of giving effect to the aforesaid resolution the Board of Directors of the Company be and is hereby authorized, to approve, decide, vary or modify the terms and conditions applicable to the issue of commercial papers and to do all such acts, deeds, matters and things as they may, in their absolute discretion deem necessary, desirable or expedient for any offer, issue, allotment of the commercial papers.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to delegate such powers to any Committee of the Board as it may deem necessary or appropriate in relation to offer and allotment of Commercial Papers.

RESOLVED FURTHER THAT Chief Executive Officer ("**CEO**") of the Company or any of the Directors of the Company or the Company Secretary of the Company be and are hereby authorized to do all such acts deeds and things as may be deemed necessary, proper or desirable on behalf of the Company to give effect to the aforementioned resolution."

By Order of the Board
For Navi Finserv Private Limited
(Formerly known as Chaitanya Rural Intermediation Development Services Private Limited)

Dimple J Shah
Company Secretary
ECSIN: EA036349B000141762

Date: September 17, 2021
Place: Bangalore

Bindu Amulya Apartment,
Flat No.408, 4th Floor,
Anjananagar Bangalore 560091

Notes:

- An Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013, relating to the special businesses to be transacted at the meeting is annexed hereto.
- A Member entitled to attend and vote at the Annual General Meeting is entitled to appoint proxy/proxies to attend the meeting and vote on poll, if any, instead of himself/herself and such a proxy/ proxies need not be a member of the Company. Proxies, in order to be effective, must be received in the enclosed Proxy Form by the Company at its Registered Office not less than forty-eight hours before the time fixed for the meeting.
- Members are requested to notify immediately any change in their address to the company.
- Relevant documents referred to in the accompanying Notice and the Explanatory Statement are open for inspection by the members at the Registered Office of the Company during normal business hours (09.00 a.m. to 5.30 p.m.) on all working days between Monday to Saturday (except 2nd and 4th Saturday of the month) of every week, up to and including the date of the Annual General Meeting of the Company.

Route Map

Boho
Salarpuria
Business Centre
CLOSED
Salarpuria Ascent
Apollo Spectra
- Laser Piles
St John's Med
College Hos

EXPLANATORY STATEMENT

(Pursuant to Section 102 of the Companies Act, 2013)

ITEM NO: 3. TO AMEND THE ARTICLES OF ASSOCIATION("AOA") OF THE COMPANY

The AOA of the Company is being altered to delete the Common seal clause.

The use of Common seal has become optional for companies. Further Company being a Non-Banking Finance Company has to execute various agreements, documents etc. towards its business matters including for borrowing proposals and other administrative necessities. In view of the same and to facilitate administrative convenience for execution of such documents on behalf of the Company it is proposed to alter the existing Articles of Association ("AOA") of the Company by removing the related clauses in AOA.

Pursuant to Sec 14 of the Companies Act, 2013, the said alteration can be effected only with the approval of Shareholders by passing a special resolution.

The Board had accorded its consent to amend the Articles of Association in its Meeting held on June 24, 2021 as proposed in this Notice, subject to the approval of the Members at a General Meeting.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 3 of the Notice

The Board recommends for the approval by the members as a Special Resolution set out at Item No. 3 of the Notice.

ITEM NO: 4. TO AMEND THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION("MOA") OF THE COMPANY

The management's proposal is to avail corporate agency license for soliciting the insurance business and as per the provisions of Section 13 of the Companies Act, 2013 and the rules framed thereunder, the Company shall not, alter the Objects clause of its Memorandum of Association without seeking consent of Members.

Further, the Management proposes and seeks the approval of members to amend the object clause to be in line with IRDAI requirements for soliciting insurance and substitute the existing Main object clause 3(A)(1)(ii) in the following manner:

3(A)(1)(ii) To promote, organize, manage, or carry out activities of an insurance intermediary which includes but is not limited to marketing, distribution, servicing of all types of insurance and assurance products, collection of premiums from customers for life, general or health insurance products and passing on payments of premiums and other amounts to the insurance company, through Company's branches, offices, or other platforms, including but not limited to electronic/digital platforms or digital channels.

The Board had accorded its consent to amend the MOA as proposed in this Notice in its meeting held on September 06, 2021, subject to the approval of the Members at a General Meeting. The Board seeks the approval of the proposed resolutions by way of a special resolution.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 4 of the Notice

The Board recommends for the approval by the members as a Special Resolution set out at Item No. 4 of the Notice.

ITEM NO: 5. TO AMEND THE CAPITAL CLAUSE OF THE MEMORANDUM OF ASSOCIATION("MOA") OF THE COMPANY

The management proposal is to accommodate the issue of fresh capital and in this regards the Company is required to increase its Authorized Share Capital from INR 175 Crores to INR 205 Crores to accommodate equity infusion.

The Board had accorded its consent to amend the MOA as proposed in this Notice in its meeting held on September 06, 2021, subject to the approval of the Members at a General Meeting. The Board seeks the approval of the proposed resolutions by way of a special resolution.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 5 of the Notice

The Board recommends for the approval by the members as a Special Resolution set out at Item No. 5 of the Notice.

ITEM NO: 6. TO APPROVE ISSUANCE OF COMMERCIAL PAPERS("CPs").

The management's proposal is to raise the funds by way of issuance of Commercial Papers("**CPs**") in one or more tranches during a period of one year from the date of this resolution to one or more identified investors on such terms and conditions as specified in draft offer letter(s) / information memorandum(s), to be circulated at the time of each such Issue which is in line with the proposed business growth and for diversification of funding sources for business operations of the Company.

The proposed CP issuance is within the overall borrowing limits of the Company i.e., INR 5000 Crores which was approved by Shareholders of the Company in their meeting held on February 27, 2020 and the current outstanding borrowing of the Company stands at INR 1854.30 Crores as on August 31, 2021.

The Board had accorded its consent for the issuance of the Commercial Papers in its meeting held on September 16, 2021 subject to the approval of the Members at a General Meeting.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 6 o f the Notice.

The requirement to pass this special resolution is to fit with the best corporate governance practices and standards as the approval of Shareholders is exempted under the Companies Act, 2013 for the Private Limited Company. The Board recommends for the approval by the members as a Special Resolution set out at Item No. 6 of the Notice.

By Order of the Board
For Navi Finserv Private Limited
(Formerly known as Chaitanya Rural Intermediation Development Services Private Limited)

Dimple J Shah
Company Secretary
ECSIN: EA036349B000141762

Date: September 17, 2021
Place: Bangalore

Bindu Amulya Apartment,
Flat No.408, 4th Floor,
Anjananagar Bangalore 560091

ATTENDENCE SLIP

Members or their proxies are requested to present this form for admission, duly signed in accordance with their specimen signatures registered with the Company.

Regd. Folio. No/DP.Id/ Client id	
Name of shareholder:	
Address of shareholder:	
Proxy Name:	
Address of proxy:	

I/We hereby record my/our presence at the Annual General Meeting of the company to be held on TUESDAY, SEPTEMBER 21, 2021, AT 10:00 A.M at the Registered Office of the Company at Ground Floor, Salarpuria Business Center No. 93, Koramangala Industrial Layout Bangalore 560095, Karnataka India.

Please (✓) in the box

1. Member ☐
2. Proxy ☐

Signature of member/Proxy

MGT 11

Proxy form

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Corporate Identification Number	:	U65923KA2012PTC062537
Name of the company	:	NAVI FINSERV PRIVATE LIMITED
Registered office	:	Ground Floor, Salarpuria Business Center No. 93, Koramangala, Industrial Layout Bangalore 560095, Karnataka India.
Name of the member	:	
Registered address	:	
E-mail Id	:	
Folio No	:	
DP ID	:	

I, being the member of ..... Equity shares of the above-named company, hereby appoint

1.	Name	:	
	Address	:	
	E-mail ID	:	
	Signature	:	, or failing him

2.	Name	:	
	Address	:	
	E-mail ID	:	
	Signature	:	, or failing him

3.	Name	:	
	Address	:	
	E-mail ID	:	
	Signature	:	

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Annual General Meeting of the company to be held on **TUESDAY, SEPTEMBER 21, 2021, AT 10:00 A.M** at the Registered Office of the company situated at Ground Floor,

Salarpuria Business Center No. 93, Koramangala Industrial Layout Bangalore 560095, Karnataka India to transact the following business and any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No	Particulars	Favor / against
01	TO RECEIVE, CONSIDER AND ADOPT THE STANDALONE AND CONSOLIDATED AUDITED FINANCIAL STATEMENTS OF THE COMPANY FOR THE FINANCIAL YEAR ENDING MARCH 31, 2021 TOGETHER WITH THE REPORTS OF THE BOARD OF DIRECTORS AND OF THE AUDITORS THEREON.	
02	RATIFICATION OF APPOINTMENT OF WALKER CHANDIOK & CO AS STATUTORY AUDITOR OF THE COMPANY FOR THE FINANCIAL YEAR 2021-22.	
03	TO AMEND THE ARTICLES OF ASSOCIATION(“AOA”) OF THE COMPANY	
04	TO AMEND THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION(“MOA”) OF THE COMPANY	
05	TO AMEND THE CAPITAL CLAUSE OF THE MEMORANDUM OF ASSOCIATION(“MOA”) OF THE COMPANY	
06	TO APPROVE THE ISSUANCE OF COMMERCIAL PAPERS(“CPs”).	

Signed this ..... day of..... 20....

Affix Revenue Stamp

_____

Signature of shareholder

_____

Signature of Proxy holder(s)

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

Navi Finserv Private Limited

Regd. Office Address:
No.145, 2nd Floor, NR Square,
1st Main Road, Sirsi Circle, Chamrajpet,
Bangalore - 560018

a K&A creation | www.kalolwala.co.in