

# niyogin

August 26, 2020

To  
**Corporate Relationship Department**  
**BSE Limited**  
P. J. Towers, 25<sup>th</sup> Floor,  
Dalal Street, Fort, Mumbai - 400 001

**BSE Scrip Code:** 538772

Dear Sir/Madam,

**Subject: Notice of the 32<sup>nd</sup> Annual General Meeting and submission of Annual Report for the financial year 2019-20**

We wish to inform you that the 32<sup>nd</sup> Annual General Meeting (the 'AGM') of the Members of the Company will be held on Thursday, September 17, 2020 at 4:00 p.m. IST through Video Conferencing ('VC') / Other Audio Visual Means ('OAVM') in compliance with the General Circular numbers 20/2020, 17/2020, 14/2020 issued by the Ministry of Corporate Affairs (MCA) and Circular number SEBI/HO/CFD/CMD1/CIR/P/2020/79 issued by the Securities and Exchange Board of India (SEBI) (hereinafter collectively referred to as the 'Circulars').

The schedule of remote e-voting facility is set out as under (both days inclusive):

Event	Day, Date and Time
Cut-off date for e-voting	Friday, September 11, 2020
Commencement of remote e-voting	Monday, September 14, 2020 (9.00 a.m. IST)
End of remote e-voting	Wednesday, September 16, 2020 (5.00 p.m. IST)

Pursuant to Regulation 34(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are submitting herewith the Annual Report of the Company along with the Notice of the AGM for the financial year 2019-20, which is also being sent through electronic mode, only to those Members whose email addresses are registered with the Company/ Depository Participant(s) in accordance with aforesaid Circulars. The same is also being made available on the Company's website at [www.niyogin.com](http://www.niyogin.com).

Kindly take the same on your records.

Thanking You,  
**For Niyogin Fintech Limited**



  
**Neha Agarwal**  
**Company Secretary & Compliance Officer**  
**ACS 41425**  
**Encl: a/a**

**Niyogin Fintech Limited**

(CIN L65910TN1988PLC131102)

**Regd. office:** M.I.G 944, Ground Floor, TNHB Colony, 1st Main road, Velachery, Chennai, Tamil Nadu - 600042  
**Corporate office:** Neelkanth Corporate IT Park, 311/312, 3rd Floor, Kiroli Road, Vidyavihar (w), Mumbai - 400086  
email: [info@niyogin.in](mailto:info@niyogin.in) | Website: [www.niyogin.com](http://www.niyogin.com)

# Notice of the Annual General Meeting

**NIYOGIN FINTECH LIMITED**

CIN: L65910TN1988PLC131102

Registered Office: MIG 944, Ground Floor, TNHB Colony,  
1st Main Road, Velachery, Chennai,  
Tamil Nadu- 600042  
www.niyogin.com

**NOTICE** is hereby given that the Thirty Second (32<sup>nd</sup>) Annual General Meeting ('AGM') of the Members of **Niyogin Fintech Limited** will be held on Thursday, September 17, 2020 at 4.00 p.m. (IST) through video conferencing ("VC")/ Other Audio-Visual Means ("OAVM") to transact the following businesses:

## ORDINARY BUSINESS

1. To consider and adopt the audited financial statement of the Company for the financial year ended March 31, 2020 along with the reports of the Board of Directors and the Auditors thereon;
2. To appoint a Director in place of Mr. Amit Rajpal (DIN: 07557866), who retires by rotation and being eligible, offers himself for re-appointment.
3. To approve appointment of M/s. MSKA & Associates, Chartered Accountants, (Firm Registration No: 105047W), as the Statutory Auditors of the Company to fill in the casual vacancy:

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to the provisions of section 139(8) of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014 (including any statutory modification or amendment thereto or re-enactment thereof for the time being in force) and all other applicable laws, if any, M/s. MSKA & Associates, Chartered Accountants, (Firm Registration No: 105047W) who have confirmed their eligibility to be appointed as Auditors, in terms of provisions of Section 141 of the Act, and Rule 4 of the Rules, be and are hereby appointed as the Statutory Auditors of the Company to fill the casual vacancy caused due to the resignation of the M/s BSR & Co., LLP, Chartered Accountants (Firm Registration No. 101248W/W-100022) and to hold the office until the conclusion of the Thirty Second Annual General Meeting of the Company held for the financial year ending on March 31, 2020, on such remuneration as may be agreed upon by the Board of Directors and the Auditors, in addition to taxes and re-imbursement of out of pocket expenses incurred by them in connection with the audit of accounts of the Company.

**RESOLVED FURTHER THAT** the Board of Directors or Company Secretary or the Chief Financial Officer of the Company be and are hereby severally authorized to do all such acts, deeds and things which may be deemed necessary and expedient to give effect to this resolution."

4. To approve appointment of the Statutory Auditor of the Company

To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** subject to the provisions of section 139 and 142 and other applicable provisions, if any, of the Companies Act, 2013, including any statutory modification(s) or re-enactment thereof, for the time being in force and the Articles of Association of the Company and on recommendation of the Audit Committee, M/s. MSKA & Associates, Chartered Accountants, (Firm Registration No: 105047W), be and are hereby appointed as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting for a period of 5 years till the conclusion of the Thirty Seventh Annual General Meeting, at such remuneration as may be determined by the Board, from time to time;

**RESOLVED FURTHER THAT** any of the Director or Key Managerial Personnel of the Company, be and are hereby authorized to do such act, deeds and things and to file necessary e – forms with the concerned Registrar of Companies, to give effect to the aforementioned resolution.

## **SPECIAL BUSINESS**

### **5. To appoint Mrs. Subhasri Sriram (DIN: 01998599) as an Independent Director of the Company for a term not exceeding 5 years:**

To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

**“RESOLVED THAT** pursuant to the provisions of Sections 149, 150 and 152 and other applicable provisions, if any, of the Companies Act, 2013 (‘Act’), and the Companies (Appointment and Qualification of Directors) Rules, 2014, read with Schedule IV of the said Act and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (‘Listing Regulations’), Mrs. Subhasri Sriram (DIN: 01998599), who has submitted a declaration that she meets the criteria for Independence as provided in Section 149(6) of the Act and Regulation 16 of Listing Regulations and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing her candidature for the office of Director, be and is hereby appointed as an Non-Executive, Independent Director of the Company to hold office for a term of five consecutive years with effect from January 23, 2020 and that she shall not be liable to retire by rotation;

**RESOLVED FURTHER THAT** anyone of the Directors or Chief Financial Officer or Company Secretary be and are hereby severally authorized to file necessary forms with Ministry of Corporate Affairs and to do all such acts, deeds and things as may be deemed and expedient and necessary to give effect to this resolution.”

### **6. To consider grant of Stock Options to the employees of the Subsidiary Company(ies) (present and/or future) under the Niyogin - Employee Stock Option Plan 2019 (ESOP – 2019)**

To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution:

**“RESOLVED THAT** pursuant to the provisions of Section 62(1)(b) and all other applicable provisions of the Companies Act, 2013 (“the Act”) read with the rules framed thereunder, the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (“SEBI SBEB Regulations”), the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the “Listing Regulations”), the circulars/guidelines issued by the Securities and Exchange Board of India (“SEBI”), the Articles of Association of the Company and all other applicable regulations, rules and circulars/guidelines in force, from time to time (including any statutory modification or re-enactment thereof for the time being in force) and subject to such other approvals, permissions and sanctions, as may be necessary and such condition(s) and modification(s) as may be prescribed or imposed while granting such approvals, permissions and sanctions and subject to acceptance of such condition(s) or modification(s) by the Board of Directors of the Company (hereinafter referred to as the “Board”, which term shall include the Nomination and Remuneration Committee constituted by the Board or any other Committee which the Board may constitute to act as “Compensation Committee to exercise its powers, including the powers conferred by this resolution), consent of the members of the Company be and is hereby accorded to the Board to create, offer, grant, issue and allot, from time to time, in one or more tranches, the stock options of the Niyogin - Employee Stock Option Plan 2019 (“ESOP – 2019”) to such person(s) who are in the permanent employment of the Company’s subsidiaries, whether working in India or outside India, including Director of the Company’s subsidiaries, whether Whole-time director or not and such other persons as may from time to time be allowed to be eligible, but excluding Promoter, Promoter group, Independent Directors and Directors who by themselves or through their relatives or any body corporate hold 10% or more of the outstanding shares of the Company, for the benefit under the provisions of applicable laws and Regulations prevailing from time to time (hereinafter collectively referred to as “Employees”), in such manner and on such terms and conditions including the price as the Board may decide in accordance with the SEBI Regulations or other provisions of

the law as may be prevailing at the relevant time, within the overall ceiling of 10,00,000 (Ten Lakhs) stock options exercisable into not more than 10,00,000 (Ten Lakh) equity shares of face value of Rs. 10/- (Rupees Ten) each fully paid - up, as mentioned in the aforesaid resolution;

**RESOLVED FURTHER THAT** the Board be and is hereby further authorised to issue and allot equity shares upon exercise of the options from time to time in accordance with ESOP - 2019 and such equity shares shall rank pari-passu in all respects with the then existing equity shares of the Company;

**RESOLVED FURTHER THAT** in case of any corporate action(s) such as rights issues, bonus issues, merger, sale of division, change in capital structure and others, if any, additional equity shares are issued by the Company for the purpose of making a fair and reasonable adjustment to the options granted earlier, the ceiling on the number of options mentioned in the resolution above, shall be deemed to be increased to the extent of such additional equity shares issued;

**RESOLVED FURTHER THAT** in case the equity shares of the Company are either sub - divided or consolidated, then the number of shares to be allotted and the exercise price payable by the option grantees under the ESOP - 2019 shall automatically stand augmented or reduced, as the case may be, in the same proportion as the present face value of Rs. 10/- (Rupees Ten) per equity share bears to the revised face value of the equity shares of the Company after such sub - division or consolidation, without affecting any other rights or obligations of the said grantees;

**RESOLVED FURTHER THAT** for the purpose of giving effect to the above resolution, the Board which includes the Nomination and Remuneration Committee, be and is hereby authorized to take necessary steps for the listing of the Equity Shares allotted under the ESOP – 2019 on the Stock Exchanges, where the Equity Shares of the Company are listed in compliance with the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable laws, rules and regulations including instances where such stock options shall lapse and to grant such number of stock options, to such employees and Directors of the Subsidiary Company(ies), at par or at such other price, at such time and on such terms and conditions as set out in the ESOP - 2019 and as the Board may in its absolute discretion think fit, subject to applicable laws and to make any modification(s), change(s), variation(s), alteration(s) or revision(s) in terms and conditions of the ESOP – 2019 from time to time including but not limited to amendments with respect to vesting period, exercise price, eligibility criteria, vesting schedule, vesting conditions, withdraw or revive the ESOP -2019, as the Board or the Nomination and Remuneration Committee may in its absolute discretion think fit, subject to applicable laws;

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to make any variation, amendment, modification or alteration in the ESOP - 2019, as it may deem fit, from time to time in its absolute discretion in conformity with the provisions of the Act, the SEBI SBEB Regulations, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable laws unless such variation, amendment, modification or alteration is not detrimental to the interest of the eligible employees who have been granted stock options under the ESOP – 2019;

**RESOLVED FURTHER THAT** the Company shall conform to the accounting policies prescribed from time to time under SEBI SBEB Regulations and any other applicable laws and regulations to the extent relevant and applicable to ESOP – 2019;

**RESOLVED FURTHER THAT** for the purpose of giving effect to this Resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, expedient or proper and to settle all questions, difficulties or doubts that may arise in relation to formulation and implementation of the ESOP – 2019 at any stage including at the time of listing of the equity shares issued herein without requiring the Board to secure any further consent or approval of the Members of the Company to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this Resolution;

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to delegate all or any powers conferred herein to Nomination and Remuneration Committee or such other Committees, with power to sub-delegate to any Executives/Officers of the Company to do all such acts, deeds, matters and things as also to execute such documents, writings etc., as may be necessary in this regard.”

By the Order of the Board  
For **Niyogin Fintech Limited**

**Neha Agarwal**  
Company Secretary & Compliance Officer  
(ACS 41425)

**Registered Office (w.e.f. January 01, 2020)**  
MIG 944, Ground Floor, TNHB Colony, 1st Main Road  
Velachery, Chennai,  
Tamil Nadu- 600042  
**CIN:** L65910TN1988PLC131102  
**Website:** [www.niyogin.com](http://www.niyogin.com)  
**E-mail:** [niyogin.compliance@niyogin.in](mailto:niyogin.compliance@niyogin.in)

**Place:** Mumbai  
**Date:** July 23, 2020

## Notes:

1. Considering the present Covid-19 pandemic, the Ministry of Corporate Affairs (“MCA”) has vide its circular dated May 5, 2020 read together with circulars dated April 8, 2020 and April 13, 2020 (collectively referred to as “MCA Circulars”) and SEBI circular dated May 12, 2020 (collectively referred to as “**Circulars**”) permitted convening the Annual General Meeting (“AGM”) through Video Conferencing (“VC”) or Other Audio Visual Means (“OAVM”), without the physical presence of the members at a common venue. In accordance with the MCA Circulars, provisions of the Companies Act, 2013 (**‘the Act’**) and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (**“SEBI Listing Regulations”**), the AGM of the Company is being held through VC / OAVM (hereinafter called as ‘e-AGM’).
2. The deemed venue for the Thirty second e-AGM shall be the registered office of the Company.
3. A statement pursuant to Section 102(1) of the Act forms part of this Notice.
4. Brief details of the directors who are seeking appointment / re-appointment at this Meeting are annexed hereto as per the requirements of regulation 36(3) of the SEBI Listing Regulations, 2015 and as per provisions of the Act.
5. The facility of joining the e-AGM through VC/OAVM will be opened 15 minutes before and will be open upto 15 minutes after the scheduled start time of the e-AGM, i.e. from 3:45 p.m. (IST) to 4.15 pm (IST) and will be available for 1,000 members on a first-come first-served basis. This rule would however not apply to participation of members holding 2% or more shareholding, promoters, institutional investors, directors, key and senior managerial personnel, auditors, etc.
6. Pursuant to the provisions of the Act, a member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a member of the Company. Since this e-AGM is being held through VC / OAVM, physical attendance of members has been dispensed with. Accordingly, the facility for appointment of proxies by the members will not be available for the e-AGM and hence the Proxy Form and Attendance Slip are not annexed hereto.
7. Institutional Investors, who are members of the Company are encouraged to attend and vote at the thirty second e-AGM of the Company.
8. SEBI has mandated the submission of Permanent Account Number (PAN) by every person dealing in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their depository participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company or Link Intime.
9. In terms of section 101 and 136 of the Act, read together with the Rules made thereunder, the listed companies may send the notice of Annual General Meeting and the Annual Report, including Financial Statements, Board Report etc. by electronic mode. Pursuant to the said provisions of the Act read with MCA Circulars, Notice of the AGM along with the Annual Report 2019-20 is being sent only through electronic mode to those members whose email addresses are registered with the Company/ Depositories. Members may note that the Notice and Annual Report 2019-20 will also be available on the Company’s website [www.niyogin.com](http://www.niyogin.com), websites of the Stock Exchange, i.e., BSE Limited at [www.bseindia.com](http://www.bseindia.com), and on the website of Company’s Registrar and Transfer Agent, Link Intime Private Limited (“Link Intime”) at [www.linkintime.co.in](http://www.linkintime.co.in).



10. To receive shareholders' communications through electronic means, including Annual Reports and Notices, members are requested to kindly register/ update their e-mail address with their respective depository participant, where shares are held in electronic form. Where shares are held in physical form, members are advised to register their e-mail address with Link Intime.
11. Further, those members who have not registered their e-mail addresses and mobile nos. and in consequence could not be served the Annual Report and Notice of e-AGM, may temporarily get themselves registered with Link Intime. Members are requested to support our commitment to environmental protection by choosing to receive the Company's communication through e-mail going forward.
12. With a view to helping us serve the members better, members who hold shares in identical names and in the same order of names in more than one folio are requested to write to the Company to consolidate their holdings in one folio.
13. SEBI vide its notification dated June 08, 2018 as amended on November 30, 2018, has stipulated that with effect from April 01, 2019, the transfer of securities (except transmission or transposition of shares) shall not be processed, unless the securities are held in the dematerialised form. To comply with the above mandate, members who still hold share certificates in physical form are advised to dematerialise their shareholding to also avail of numerous benefits of dematerialisation, which include easy liquidity, ease of trading and transfer, savings in stamp duty and elimination of any possibility of loss of documents and bad deliveries.
14. In case of joint holders, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote at the e-AGM.
15. For ease of conduct, members who would like to ask questions/express their views on the items of the businesses to be transacted at the meeting can send in their questions/comments atleast 7 days before the e-AGM to the Company at [niyogin.compliance@niyogin.in](mailto:niyogin.compliance@niyogin.in) mentioning their name, demat account no./Folio no., e-mail Id, mobile number etc. The queries may be raised precisely and in brief to enable the Company to answer the same suitably depending on the availability of time at the meeting.
16. Pursuant to section 72 of the Act, members holding shares in physical form are advised to file nomination in the prescribed Form SH-13 with the Company's share transfer agent. In respect of shares held in electronic/demat form, the members may please contact their respective depository participant.
17. In terms of section 124(5) of the Act, dividend amount for the year ended March 31, 2013 remaining unclaimed for a period of 7 years shall become due for transfer in August 2020 to the Investor Education and Protection Fund (IEPF) established by the Central Government. Further, in terms of section 124(6) of the Act, in case of such shareholders whose dividends are unpaid for a continuous period of 7 years, the corresponding shares shall be transferred to the IEPF demat account. Members who have not claimed dividends in respect of the financial years from 2012-13 onwards are requested to approach the Company/ Link Intime India Private Limited, Registrar and Share Transfer Agent for claiming the same as early as possible, to avoid transfer of the relevant shares to the IEPF demat account.
18. For more details on shareholders' matters, please refer to the chapter on General Shareholder Information included in the Annual Report.

19. Since the AGM will be held through VC/ OAVM, the route map of the venue of the Meeting is not annexed hereto.
20. In case a person has become a member of the Company after dispatch of AGM Notice, but on or before the cut-off date for e-voting, i.e., Friday, September 11, 2020, such person may obtain the User ID and Password from Link Intime.
21. Alternatively, member may send signed copy of the request letter providing the e-mail address, mobile number, self-attested PAN copy along with client master copy (in case of electronic folio)/copy of share certificate (in case of physical folio) via e-mail to Link Intime for obtaining the Annual Report and Notice of e-AGM.
22. The Board of Directors have appointed Mr. Mitesh Shah, practicing Company Secretary (FCS 10070 & CP No: 12891), Proprietor, Mitesh J. Shah & Associates, Company Secretaries, as the Scrutinizer for the e-voting process and voting at e-AGM in a fair and transparent manner.
23. The Chairman shall formally propose to the members participating through VC/OAVM facility to vote on the resolutions as set out in the Notice of the thirty second e-AGM and announce the start of the casting of vote through the e-voting system of NSDL.
24. The Scrutinizer shall, immediately after the conclusion of voting at the e-AGM, first count the votes cast at the meeting, thereafter unblock the votes through e-voting in the presence of at least two witnesses, not in the employment of the Company and make a consolidated Scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman of the Company, who shall countersign the same.
25. The results declared along with the Scrutinizers Report shall be placed at the Company's website [www.niyogin.com](http://www.niyogin.com) immediately after the results are declared by the Company and simultaneously communicated to the BSE.
26. The Company has been maintaining, *inter alia*, the following statutory registers at its registered office at Chennai, Tamil Nadu - 600042
  - i) Register of contracts or arrangements in which directors are interested under section 189 of the Act.
  - ii) Register of directors and key managerial personnel and their shareholding under section 170 of the Act.

In accordance with the MCA circulars, the said registers will be made accessible for inspection and shall remain open and be accessible to any member during the continuance of the meeting. The members can write to us on [niyogin.compliance@niyogin.in](mailto:niyogin.compliance@niyogin.in) for the inspection of the records.
27. Certificate from Statutory Auditors of the Company certifying that the NFL- Employee Stock Option Plan 2018 (ESOP 2018) of the Company is being implemented in accordance with the SEBI (Share Based Employee Benefits) Regulations, 2014 forms part of the Annual report.
28. Instructions for e-voting and joining the e-AGM are as follows:



## Remote e-voting:

The remote e-voting period begins on Monday, September 14, 2020 at 09:00 A.M. (IST) and ends on Wednesday, September 16, 2020 at 05:00 P.M (IST). The remote e-voting module shall be disabled by NSDL for voting thereafter.

## How do I vote electronically using NSDL e-Voting system?

The way to vote electronically on NSDL e-Voting system consists of “Two Steps” which are mentioned below:

### Step 1: Log-in to NSDL e-Voting system at [https:// www.evoting.nsdl.com/](https://www.evoting.nsdl.com/)

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: [https:// www.evoting.nsdl.com/](https://www.evoting.nsdl.com/) either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholders’ section.
3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at [https:// eservices.nsdl.com/](https://eservices.nsdl.com/) with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. *Cast your vote electronically*.

4. Your User ID details are given below:

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****.
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Your password details are given below:

- (a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
- (b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the ‘initial password’ which was communicated to you. Once you retrieve your ‘initial password’, you need to enter the ‘initial password’ and the system will force you to change your password.

(c) How to retrieve your 'initial password'?

- (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
- (ii) If your email ID is not registered, please follow steps mentioned below in process for those shareholders whose email ids are not registered.

6. If you are unable to retrieve or have not received the "initial password" or have forgotten your password:

- (a) Click on "Forgot User Details/Password?" (If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
- (b) Physical User Reset Password?" (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
- (c) If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address.
- (d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.

7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.

8. Now, you will have to click on "Login" button.

9. After you click on the "Login" button, Home page of e-Voting will open

**Step 2: Cast your vote electronically on NSDL e-Voting system.**

- 1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
- 2. After click on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.
- 3. Select "EVEN" of company for which you wish to cast your vote.
- 4. Now you are ready for e-Voting as the Voting page opens.
- 5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
- 6. Upon confirmation, the message "Vote cast successfully" will be displayed.
- 7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
- 8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

**General Guidelines for shareholders**

- 1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly

authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to csmjshah@gmail.com with a copy marked to [niyogin.compliance@niyogin.in](mailto:niyogin.compliance@niyogin.in) and [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).

2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the “Forgot User Details/Password?” or “Physical User Reset Password?” option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800-222-990 or send a request to (Name of NSDL Official) at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)

**Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice:**

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to [niyogin.compliance@niyogin.in](mailto:niyogin.compliance@niyogin.in)
2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) to [niyogin.compliance@niyogin.in](mailto:niyogin.compliance@niyogin.in)

**THE INSTRUCTIONS FOR MEMBERS FOR e-VOTING ON THE DAY OF THE AGM ARE AS UNDER:**

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
2. Only those Members/ shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.
3. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.

**INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:**

1. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access the same at <https://www.evoting.nsdl.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush. Further members can also use the OTP based login for logging into the e-Voting system of NSDL.
2. Members are encouraged to join the Meeting through Laptops for better experience.
3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.

4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.

By the Order of the Board  
For **Niyogin Fintech Limited**

**Neha Agarwal**  
Company Secretary & Compliance Officer  
(ACS 41425)

**Registered Office (w.e.f. January 01, 2020)**

MIG 944, Ground Floor, TNHB Colony, 1st Main Road  
Velachery, Chennai,  
Tamil Nadu- 600042

**CIN:** L65910TN1988PLC131102

**Website:** [www.niyogin.com](http://www.niyogin.com)

**E-mail:** [niyogin.compliance@niyogin.in](mailto:niyogin.compliance@niyogin.in)

**Place:** Mumbai

**Date:** July 23, 2020

**EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 ("ACT")**

**Item No. 3 & 4:**

M/s. BSR & Co. LLP, Chartered Accountants (Firm Registration No. 101248W/W-100022) were appointed as the Statutory Auditors of the Company in the Annual General Meeting of the Company held on September 28, 2017 for a term of five years to hold office from the FY-2018 till FY-2022. However, BSR & Co. LLP, Chartered Accountant, Statutory Auditors has shown their inability to continue as Statutory Auditors of the Company for commercial considerations as the proposed fees was not commensurate to their time and efforts and have tendered their resignation vide their resignation letter dated July 23, 2020, resulting into a casual vacancy in the office of Statutory Auditors of the company.

Pursuant to the provisions of Section 139(8) of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014 (including any statutory modification or amendment thereto or re-enactment thereof for the time being in force) and all other applicable laws, if any, casual vacancy caused by the resignation of Auditors can be filled by the Board subject to the approval of the members within three months of the recommendation of the Board. Therefore, as per the recommendation of the Audit Committee, the Board proposes and recommends that M/s. MSKA & Associates, Chartered Accountants, (Firm Registration No: 105047W) be appointed as the Statutory Auditors of the Company to fill the casual vacancy caused by the resignation of M/s BSR & Co., LLP, Chartered Accountants and shall hold office up to the conclusion of the this Annual General Meeting of the Company.

Further, the Board also recommends re-appointment of M/s. MSKA & Associates, Chartered Accountants, (Firm Registration No: 105047W) as the statutory auditor of the Company pursuant to the provisions of Section 139 and 142 of the Act to hold office from the conclusion of this Annual General Meeting for a period of 5 years till the conclusion of the Thirty Seventh Annual General Meeting of the Company, at such remuneration as may be determined by the Board, from time to time.

**Details in relation to and credentials of the statutory auditor(s) proposed to be appointed as per Regulation 36(5)**

M/s MSKA & Associates is a Chartered Accountancy Firm registered with Institute of Chartered Accountants of India with Firm Registration No. 105047W. The firm has presence in 9 cities in India viz Ahmedabad, Bengaluru, Chennai, Kolkata, Hyderabad, Mumbai, New Delhi – Gurgaon, Goa and Pune. The Firm provides a range of services which include Audit & Assurance, Taxation, Accounting and Risk Advisory. The Firm's Audit & Assurance practice has significant experience in auditing financial services clients including banks.

M/s. MSKA & Associates, Chartered Accountants, (Firm Registration No: 105047W), have conveyed their consent to be appointed as the Statutory Auditors of the Company along with the requisite confirmation that, their appointment, if made by the members, would be within the limits prescribed under the Companies Act, 2013.

The Board commends the Ordinary Resolution set out in Item No. 3 & 4 of this Notice for approval by the members.

None of the Directors, Key Managerial Persons or their relatives, are in any way, except to the extent of their shareholding in the Company, concerned or interested, financially or otherwise, in the said Ordinary Resolution set out at Item No. 3 & 4 of this Notice.

**Item No. 5:**

Pursuant to the provisions of the Companies Act 2013 ("the Act") and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), the Board of Directors (Board) on the recommendation of the Nomination and Remuneration Committee is recommending the appointment of Mrs. Subhasri Sriram (DIN: 01998599) to the Members.

In terms of the provisions of Sections 149, 150, 152 read with Schedule IV and any other applicable provisions of the Act and Listing Regulations, Mrs. Subhasri Sriram (DIN: 01998599), being eligible and offering herself for appointment, is proposed to be appointed as an Independent Non-Executive Director for term of 5 (five) years from the date of her appointment.

The Company has received a notice in writing under the provisions of Section 160 of the Act from a member proposing the candidature of Mrs. Subhasri Sriram for appointment as an Independent Director as per the provisions of the Act. The Company has also received a declaration from Mrs. Subhasri Sriram that she meets the criteria of independence as prescribed both under subsection (6) of Section 149 of the Act and under the Listing Regulations.

Details of Mrs. Subhasri Sriram as required under the Regulations 36(3) and 26(4) of the Listing Regulations and Secretarial Standards 2 on General Meetings issued by the Institute of Company Secretaries of India (ICSI) have been given in the 'Annexure' for the information of Members.

In the opinion of the Board, Mrs. Subhasri Sriram fulfills the conditions specified in the Act, and rules made thereunder and the Listing Regulations for her appointment as an Independent Director of the Company and is independent of the Management. A copy of draft letter for appointment of Mrs. Subhasri Sriram as an Independent Director setting out the terms and conditions would be available for inspection by the Members at the Registered Office of the Company between 10.00 a.m. to 5.00 p.m. on any working day of the Company (excluding Saturdays and Sundays) upto the date of this Annual General Meeting.

The Board considers that her association would be of immense benefit to the Company and it is desirable to avail services of Mrs. Subhasri Sriram as an Independent Director.

None of the Directors/ Key Managerial Personnel of the Company and their relatives except the appointee are concerned or interested in the resolution.

The Board recommends the Ordinary Resolution at Item No. 5 of the Notice for approval of the Members.

**Item No. 6:**

The Board that its meeting held on November 13, 2019, had approved the Niyogin - Employee Stock Option Plan 2019 (ESOP – 2019) for employees of the Company's subsidiaries wherein a pool of 10 Lacs options was approved which can be used to reward eligible employees of the Company's subsidiaries. The resolution was passed by members via postal ballot on December 24, 2020.

As per Regulation 6 (3)(c) of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, approval of shareholders by way of separate resolution in the general meeting has to be obtained by the company in case of grant of option, shares or other benefits, as the case may be, to the employees of the subsidiary or holding company, from time to time;

Accordingly, it was proposed to consider the following resolution to grant options from time to time, in one or more tranches, not exceeding 10,00,000 (Ten Lakhs) Equity shares of face value of Rs. 10/- each of the Niyogin - Employee Stock Option Plan 2019 ("ESOP – 2019") to such person(s) who are the permanent employees or Directors of Subsidiary Company(ies) (present and/or future), if any, of the Company as may be permissible under the SEBI Regulations.



The salient features of Niyogin ESOP 2019 are set out as per SEBI circular and are as under:

- (a) **Brief Description of the Scheme** – Niyogin ESOP 2019: Niyogin ESOP 2019 is intended to reward the Eligible Employees [as described under clause (c) herein below], for their performance and to motivate them to contribute to the growth and profitability of the Company. Niyogin ESOP 2019 will help to retain talent in the organization as the Company views stock options as an instrument that would enable the Eligible Employees to share the value they create for the Company and align individual objectives with the objectives of the Company in the years to come.
- (b) **The total number/ quantum of options to be granted:** The total number of options that may, in the aggregate, be issued would be such number of options which shall entitle the option holders to acquire in one or more tranches upto 10,00,000 (Ten Lakhs) equity shares of Rs. 10 each (or such other adjusted figure for any bonus, stock splits or consolidations or other re-organisation of the capital structure of the Company, as may be applicable, from time to time).

SEBI SBEB Regulations require that in case of any corporate action(s) such as rights issues, bonus issues, merger and sale or division, and others, a fair and reasonable adjustment needs to be made to the Options granted. Accordingly, if any additional Equity Shares are issued by the Company to the Option grantees for making such fair and reasonable adjustment, the above ceiling Shares shall be deemed to be increased to the extent of such additional equity shares issued.

Vested options lapsed due to non-exercise and/or unvested options that get cancelled due to resignation of Option grantees or otherwise, would be available for being re-granted at a future date. The Board is authorized to re-grant such lapsed / cancelled options as per the provisions of Niyogin ESOP 2019.

- (c) **Identification of classes of employees entitled to participate and be beneficiaries in the Scheme:** All permanent employees of the Company's subsidiaries working in India or out of India and Directors (whether Managing/Whole time Director or not) (present or future) (excluding Promoters and an employee who is a Promoter or a person belonging to the Promoter Group) and further excluding a director who either by himself or through his relative or through any Body Corporate, directly or indirectly holds more than 10% of the outstanding equity shares of the Company and excluding Independent Directors as may be decided by the Nomination and Remuneration Committee. The class of Employees of the Company's subsidiaries eligible for participating in the Niyogin ESOP 2019 shall be determined on the basis of the grade, number of years' service, performance, role assigned to the employee and such other parameters as may be decided by the Nomination and Remuneration Committee in its sole discretion from time to time. The options granted to an Employee will not be transferable to any person and shall not be pledged, hypothecated, mortgaged or otherwise alienated in any other manner.
- (d) **Requirements of vesting and period of vesting:** Vesting of options may commence after a period of not less than one year from the date of grant. The vesting may occur in one or more tranches, subject to the terms and conditions of vesting, as stipulated in the Niyogin ESOP 2019. Following table shall be applicable in case of various scenarios (during employment) for vesting and exercising:

Sr. No.	Separations	Vested Options	Unvested Options
1.	Resignation	All Vested Options as on date of submission of resignation may be exercised by the Option Grantee on or before his last working day with the Company.	All Unvested Options on the date of submission of resignation shall stand cancelled with effect from that date.
2.	Termination (With or without cause)	All Vested Options which were not allotted at the time of such	All Unvested Options on the date of such termination

		termination shall stand cancelled with effect from the date of such termination.	shall stand cancelled with effect from the termination date.
3.	Retirement or early Retirement approved by the Company	All Vested Options as on date of retirement may be exercised by the Option Grantee within permitted exercise period.	All Unvested Options shall vest as per original vesting schedule and may be exercised by the Option Grantee within permitted exercise period.
4.	Death	All Vested Options may be exercised by the Option Grantee's nominee or legal heir immediately after, but in no event later than 6 months from the date of Death.	All the Unvested Options as on the date of death shall vest immediately and may be exercised by the Option Grantee's nominee or legal heir/s within 6 months from the date of Death.
5.	Permanent Disability	All Vested Options may be exercised by the Option Grantee or, if the Option Grantee is himself, unable to exercise due to such disability, the nominee or legal heir, immediately after, but in no event later than 6 months from the date of such disability.	All the Unvested Options as on the date of such Permanent Disability shall vest immediately and can be exercised by the Option Grantee or, if the Option Grantee is himself unable to exercise due to such incapacity, the nominee or legal heir immediately after, but in no event later than 6 months from the date of such disability.
6.	*Abandonment	All the Vested Options shall stand cancelled.	All the Unvested Options shall stand cancelled.
7.	*Other reasons apart from those mentioned above	The Board/ Committee shall decide whether the Vested Options as on that date can be exercised by the Option Grantee or not, and such decision shall be final.	All Unvested Options on the date of separation shall stand cancelled with effect from that date.

*\*The Board/ Committee, at its sole discretion shall decide the date of cancellation of Option's and such decision shall be binding on all concerned.*

- (e) Maximum period within which the options shall be vested: The maximum vesting period may extend up to 5 (five) years from the date of grant of options, unless otherwise decided by the Nomination and Remuneration Committee.
- (f) Exercise price or pricing formula: Exercise Price means the price at which the Option Grantee is entitled to acquire the equity shares pursuant to the options granted and vested in him/her under the Scheme. The Exercise Price shall be equal to Rs. 10/- (Rupees Ten only) per option or any other price as may be decided by the Board/Committee. In any case, the Exercise Price per Option shall not be less than the face value of shares and it may be different for different class/ classes of Employees of the Company's subsidiaries falling in the same tranche of grant of Options issued under Niyogin ESOP– 2019.

- (g) Exercise period and process of exercise: The Exercise period shall not be more than 5 years from the date of respective vesting of Options. The options granted may be exercised by the Grantee at one time or at various points of time within the exercise period as determined by the Committee from time to time. The Vested options shall be exercisable by the employees of the Company's subsidiaries by a written application or by any electronic mode (which will include making applications online using any ESOP administration software) to the Company expressing his/ her desire to exercise such options in such manner and on such format as may be prescribed by the Nomination and Remuneration Committee from time to time. The options shall lapse if not exercised within the specified exercise period. The options may also lapse, under certain circumstances even before the expiry of the specified exercise period. Payment of the Exercise Price shall be made by a crossed cheque or a demand draft drawn in favour of the Company, or by any other payment methods prevalent in RBI recognized banking channels or in such other manner and subject to such procedures as the Board/Committee may decide.
- (h) Appraisal Process for determining the eligibility of Employees to the Scheme: The appraisal process for determining the eligibility of the Employee will be specified by the Nomination and Remuneration Committee and will be based on criteria such as the grade of Employee, length of service, performance record, merit of the Employee, future potential contribution by the Employee and/or by any such criteria that may be determined by the Nomination and Remuneration Committee.
- (i) Maximum number of options to be issued per Employee and in the aggregate: The number of Options that may be granted to any specific employee under Niyogin ESOP 2019 shall not exceed the number of Shares equivalent to 1% of the Issued Share Capital of the Company and in aggregate, if prior specific approval from members of the Company through a special resolution to this effect is not obtained.
- (j) Terms of the scheme:
1. The Company shall not vary the terms of the schemes in any manner, which may be detrimental to the interests of the Option Grantees: Provided that the Company shall be entitled to vary the terms of the schemes to meet any regulatory requirements.
  2. Subject to the proviso to sub-regulation (1), the company may by special resolution in a general meeting vary the terms of the schemes offered pursuant to an earlier resolution of the general body but not yet exercised by the employee provided such variation is not prejudicial to the interests of the Option Grantees.
  3. The notice for passing special resolution for variation of terms of the scheme shall disclose full details of the variation, the rationale therefore, and the details of the Option Grantees who are beneficiaries of such variation.
  4. The Company may re-price the options as the case may be which are not exercised, whether or not they have been vested if the terms of the grants were rendered unattractive due to fall in the price of the shares in the stock market; Provided that the company ensures that such re-pricing shall not be detrimental to the interest of the Option Grantees and approval of the shareholders in general meeting has been obtained for such repricing.
- (k) Transferability of Employee Stock Options:
- (i) The Options granted to an employee shall not be transferable to any person and shall not be pledged, hypothecated, mortgaged or otherwise alienated in any manner. However, in the event of the death of the Option Grantee, the right to exercise all the Options granted to him till such date shall be vest in his legal heirs or nominees.
  - (ii) In the event of resignation or termination of the Option Grantee, all the options which are granted and yet not vested as on that day shall lapse.
  - (iii) In the event that an Option Grantee who has been granted benefits under a scheme is transferred or deputed to subsidiary company prior to vesting or exercise, the vesting and exercise as per the terms of grant shall continue in case of such transferred or deputed employee even after the transfer or deputation.

- (l) Certificate from auditors: The Board of Directors shall at each annual general meeting place before the shareholders a certificate from the auditors of the company that the scheme(s) has been implemented in accordance with the prescribed regulations and in accordance with the resolution of the company in the general meeting.
- (m) Implementation and administration of the Scheme: The Scheme will be implemented directly by the Company under the guidance of the Nomination and Remuneration Committee of the Board.
- (n) Whether scheme involves new issue of shares by the Company or Secondary acquisition by the trust: The Scheme will involve only new issue of shares by the Company.
- (o) Disclosure and accounting policies: The Company shall conform to the accounting policies specified by Securities & Exchange Board of India as per the SEBI (SBEB) Regulations, amended from time to time and relevant Accounting Standard as may be prescribed by the Institute of Chartered Accountants of India (ICAI), from time to time.
- (p) Method of Valuation: The Company follows fair value method for computing the compensation cost, if any, for the options granted. The company will follow IFRS/ IND AS/ any other requirements for the same.
- (q) Rights of the option holder: The employee shall not have right to receive any dividend or to vote or in any manner enjoy the benefits of a shareholder in respect of option granted to him, till shares are allotted upon exercise of option.
- (r) Consequence of failure to exercise option: All unexercised options shall lapse if not exercised on or before the exercised period ends. The amount payable by the employee, if any, at the time of grant of option, - (i) may be forfeited by the company if the option is not exercised by the employee within the exercise period; or (ii) may be refunded to the employee if the options are not vested due to non-fulfilment of conditions relating to vesting of option as per the Scheme.
- (s) Other terms
  - The Board or Nomination and Remuneration Committee shall have the absolute authority to vary, modify or alter the terms of the Scheme in accordance with the regulations and guidelines as prescribed by the Securities and Exchange Board of India or regulations that may be issued by any appropriate authority, from time to time, unless such variation, modification or alteration is detrimental to the interest of the Option Grantees.
  - The Board or Nomination and Remuneration Committee may, if it deems necessary, modify, change, vary, amend, suspend or terminate the Niyogin ESOP - 2019, subject to compliance with the Applicable Laws and Regulations.
  - The shares may be allotted directly to the Option Grantees in accordance with the Scheme and such Scheme may also contain provisions for providing financial assistance to the Employees of the Company's subsidiaries to enable the Employees of the Company's subsidiaries to acquire or subscribe to the shares.

Regulation 6(3)(c) of SEBI (SBEB) Regulations requires that every employee stock option scheme shall be approved by the members of the company by passing a special resolution in a general meeting in case of grant of option, shares or other benefits, as the case may be, to the employees of the subsidiary or holding company, from time to time under the applicable laws. Accordingly, the Special Resolution set out in this Notice is proposed for approval by members.

Directors / Key Managerial Personnel of the subsidiary company who may be granted options under Niyogin ESOP 2019 may be deemed to be concerned or interested in the Special Resolution stated in this Postal Ballot Notice.

Save as aforesaid, none of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way except to the extent of their shareholding in the Company, concerned or interested, financially or otherwise, in the said Special Resolution.

The Board commends the Special Resolution set out in Item No. 6 this Postal Ballot Notice for approval by the members.

#### Annexure to Notice

#### **Additional information of director for appointment / re-appointment as required under Secretarial Standards and Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

Name of Director	Mr. Amit Vijay Rajpal	Mrs. Subhasri Sriram
Date of Birth	March 04, 1973	April 8, 1969
Age	47 years	51 years
Qualifications	Masters in Business Administration from IIM- Calcutta and Bachelor of Commerce	Member of Institute of Company Secretaries and Institute of Cost Accountants of India. Post Graduate Diploma in Cyber Laws.
Experience	He has over 15 years of experience in the financial services.  industry. He also served as a Managing Director of Morgan Stanley for a period of 11 years.	Mrs. Subhasri Sriram is a finance professional with close to three decades of experience across various industries, out of which, more than 15 years has been at CFO position in a leading financial services business.
Nature of expertise in specific functional areas	Financial Services, Investment Strategies.	Financial Services
Terms and Conditions of Re-appointment	Mr. Amit Rajpal will be re-appointed on the same terms and conditions as they were approved by the Members at their Annual General Meeting held on 25 <sup>th</sup> September 2018	Mrs. Subhasri Sriram will be appointed for a term of 5 years from her date of appointment i.e. January 23, 2020
Details of Remuneration sought to be paid	NIL	Sitting Fees only.
Details of Remuneration last paid	NIL	NIL
Date of first appointment in the Board	December 5, 2016.	January 23, 2020
Shareholding in the Company	NIL	NIL
Relationship with other Directors, Manager and other Key Managerial Personnel of the Company	NIL	NIL
Number of meetings of the Board attended during the year	6 Board meetings	1 Board Meeting
Number of Memberships in Committees (including this Company)	4	1

Directorships held in other companies in India*	NIL	3
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\*Includes Directorship in Private Limited Companies

By the Order of the Board  
For **Niyogin Fintech Limited**

**Neha Agarwal**  
Company Secretary & Compliance Officer  
(ACS 41425)

**Date:** July 23, 2020  
**Place:** Mumbai



niyogin



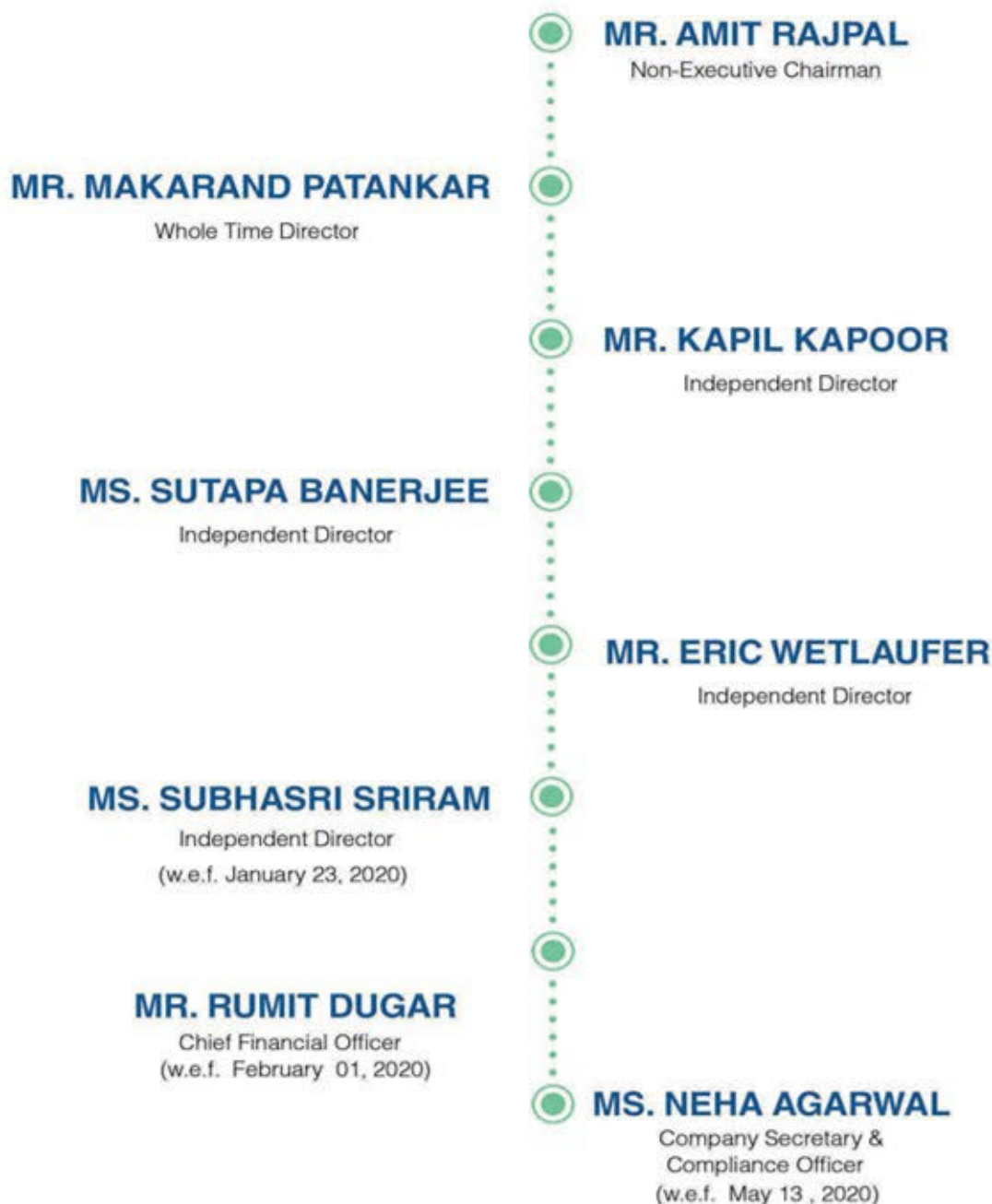
# **DIGITAL 2.0**

The New Beginning

ANNUAL REPORT  
**2019-20**

# CORPORATE INFORMATION

## BOARD OF DIRECTORS



### REGISTRAR & TRANSFER AGENT

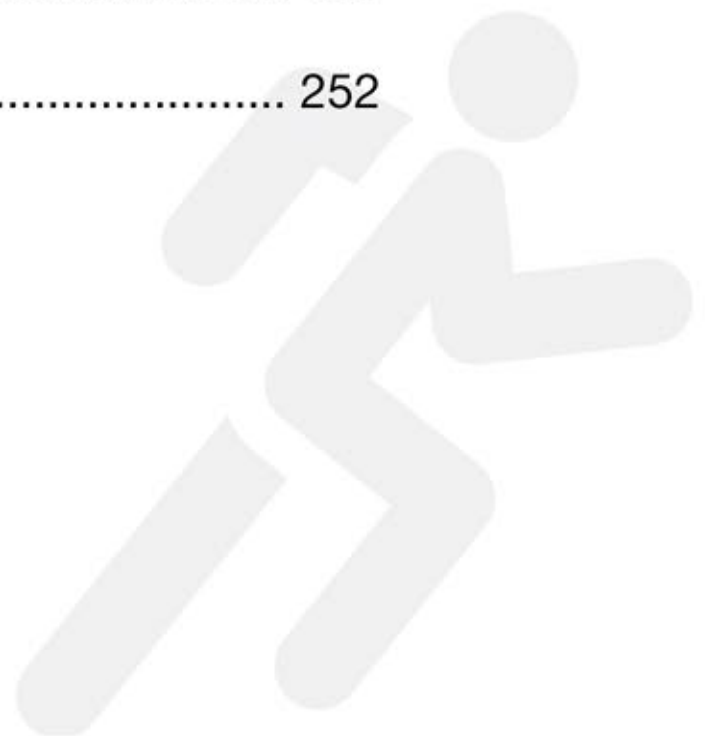
Link Intime India Private Limited  
C- 101, 1st Floor, 247 Park, Lal Bahadur Shastri Marg,  
Vikhroli West, Mumbai – 400 083.

32nd Annual General Meeting  
on Thursday, September 17, 2020 at 04:00 p.m. (IST)

**BANKERS:** IndusInd Bank | Citi Bank | ICICI Bank

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# CHAIRMAN'S LETTER

Dear Shareholders,

The year 2020 will go down in human history as an unprecedented year with the World Health Organisation (WHO) declaring COVID-19, a pandemic in March 2020. This pandemic has created a humanitarian as well as an economic crisis in India and the world at large. However, through the time and in every adversity the human race strives to keep moving forward. On one-hand, the health workers are tirelessly working to serve humanity while on the other businesses are trying to adapt to a new reality. This adoption requires rethinking and retooling for every business and more so for small and medium businesses. Niyogin's vision is to empower micro and small enterprises (MSME) with a state-of-the-art digital platform. This platform enables access to relevant services & products (both financial and non-financial) to grow and effectively operate in the fast-changing digital world that is the future. This future is here and now.



FY2020 was a tough year from an external environment perspective. India went through sharp deceleration in the GDP growth through all four quarters of the year with a further shock due to national lockdown and the on-going pandemic. This growth deceleration has had a severe impact, particularly on MSMEs. This was a vital year in our journey as a company as we took both positives and new learnings from our execution that form the foundation of growth. In terms of positives, we accelerated our distribution build, partnerships, and expanded our product stack with the integration of Moneyfront. We learned the need to be more specialised in our credit and keep pushing the risk-adjusted yields higher given both the credit experience and the current operating environment. We are realigning our strategy to being fully tech-centric and credit light in the new post-COVID-19 avatar.

The market opportunity remains vast, and Niyogin has a differentiated platform approach with a proprietary distribution model of the network of finance professionals. This "phygital" business model is an industry first, among fintech's, that gives us deep distribution, local footprint, relationships, and digital processing capability. As part of the strategy re-alignment, we have already begun to leverage this channel to create a heterogeneous ecosystem of products and services—powered by Niyogin.

In FY2020, we made good progress as we ended the year with a registered platform customer base of 16,627, and our retail partner network expanded to 1,925 ahead of our full-year guidance of 1,800. We are excited to report that in FY20, our direct wealth platform business we hit the USD 100M AUM milestone. Credit was our entry product into this ecosystem and this year we took our first step towards product stack expansion beyond credit with the acquisition of a digital wealth platform – Moneyfront. We are driving financial inclusion, especially for local entrepreneurs beyond metros, and have started making investments in specialised underwriting for new to credit (NTC) customers.

Niyogin's re-aligned strategy will be 1) Technology platform-centric, 2) Actively leverage retail distribution beyond credit, 3) Specialised, and 4) Capital Efficient. FY2021 will be a pivot year as we embark towards executing on this strategy. We will continue to accelerate our distribution channel build and focus on tech-centric products and delivery mechanisms to scale. We continue to look for domain centric opportunities with like-minded founders where we could - build, partner or acquire to accelerate the business build. The focus on capital-efficiency remains and we will re-allocate capital that is aligned with our vision to create a tech-centric platform for MSMEs.

Our FY2020 results are detailed in this annual report and demonstrate the underlying trends of business model and execution. I thank each one of the stakeholders who continue to contribute towards building a best in class micro and small business-centric fintech platform. I feel the external health event will be transformational for all of us as individuals as well as businesses and we see numerous opportunities ahead of us. We are realigning our strategy and investments and we remain confident in our ability to create an impact.

Thank you for your support and look forward to our continuing engagement in our journey to be India's premier MSME focused fintech organization.

Thank You.

**Amit Rajpal**  
Non-Executive Chairman and Co-founder  
Niyogin Fintech Limited

# BOARD OF DIRECTORS



MBA from IIM Calcutta and a qualified Cost and Works Accountant (ICWA). He is also a Commerce graduate from University of Mumbai. Expert in financial services investing and currently the CEO of Marshall Wace Asia, a globally leading hedge fund manager in the equities space. He is credited with being the Managing Director in Morgan Stanley at the age of 30.

**Amit Rajpal** - Co-Founder and Non-Executive Chairman



Has over 40 years of experience in strategic and financial roles across financial services, pharmaceutical, healthcare and retail sector companies such as Glaxo, TATA & TNT. Structured and successfully executed several IPOs, EOU-Buybacks, Carveout M&A's and other deals and also has rich experience in network management having pioneered the development of the network of the Promoter company viz. Information Interface India Private Limited, across the country.

**Makarand Patankar** - Whole-Time Director



MBA from IIM Ahmedabad and a degree in Economics Honors from the Shri Ram College of Commerce, Delhi University. Has mentored many startup companies across sectors such as education, internet, consumer and manufactured goods in India and overseas. He is also the Chairman of Infoedge India Limited and has been serving on their Board of Directors since 2002.

**Kapil Kapoor** - Independent Director





Gold medalist in Economics from the XLRI school of Management in India, and an Economics honours graduate from Presidency College Kolkata. She is an advanced leadership fellow (2015) of Harvard University. Over 24 years of experience in the financial services industry and currently serves as an Independent Director on the boards of several companies.

**Sutapa Banerjee** - Independent Director



B.A. from Wesleyan University, Middletown, Connecticut and a certified member of the Canadian Institute of Corporate Directors. He is also a Chartered Financial Analyst. Seasoned institutional investor who provides counsel as a director, advisor and investor to a range of large public to smaller private companies, with a particular focus on technology and financial sectors.

**Eric Wetluafer** - Independent Director



Fellow member of Institute of Company Secretaries and Institute of Cost Accountants of India. She also holds a Post Graduate Diploma in Cyber Laws. Rich experience in the financial sector and was selected as one of the top 100 most influential CFO's of the country.

**Subhasri Sriram** - Independent Director



# EXECUTIVE MANAGEMENT TEAM



**MR. HIMANSHU RAJPAL**  
Chief Business Officer



**MR. RUNIT DUGAR**  
Chief Financial Officer



**MR. PARAG CHOPDE**  
Chief Risk Officer



**MR. NOORALLAH CHARANIA**  
Chief Operating Officer



**MS. NEHA AGARWAL**  
Company Secretary &  
Compliance officer

## MANAGEMENT DISCUSSION & ANALYSIS REPORT

Niyogin Fintech Limited (the “Company”) (erstwhile M3 Global Finance Limited) was acquired by Information Interface India Private Limited in January 2017. FY2020 was the third year in our journey of building a best in class small business-centric fintech platform. This was also the second full-year of our distribution build and operations. The financial year ending March 31, 2020 on one hand saw tremendous progress in our business build while on the other hand it will be marked as an unprecedented year in human history with novel coronavirus (COVID-19) being declared by World Health Organisation (WHO) as a pandemic on March 11, 2020. This pandemic has not only taken a toll on human life but also disrupted economic activity across the world and India. While the focus of this annual report is to analyse the performance of the Company in FY2020, the occurrence of COVID-19 is material event and this report also assesses the impact of this event.

### A. INDIAN ECONOMIC SCENARIO:

India’s GDP growth has seen significant deceleration in FY20 and with progressive slowdown through all quarters of FY20. GDP growth for FY20 is estimated to be below 5% as against 6.1% in the previous year. The economic slowdown became broad-based in FY20 with both investment and consumption slowing down. This has impacted both the credit demand and the asset quality among the financial institutions. On the other hand, the broader macro-economic fundamentals of the Indian economy remained steady with moderate current account deficit and high forex reserves.

IMF expects India’s GDP to grow at 1.9% in 2020. This is the initial assessment and other estimates of GDP growth for India are pegged lower or even at contraction. Given the implications for small businesses, we are encouraged to see government providing support and the focus on the MSME industry. We remain squarely focused on building and solving for the MSMEs through our unique platform approach.

### B. FINTECH INDUSTRY - STRUCTURE AND DEVELOPMENTS:

#### 1. Global Fintech Industry:

Globally, fintech models have undergone vast transformation driven by innovation and technology bringing a radical change in traditional financial services. The fintech’s have been instrumental in bringing in seamless and innovative financial services model for the banked and unbanked population by making best use of technical tools. The industry, although still very young has rapidly moved from just disruptors to more sophisticated competitors to the traditional players. The business models revolve around very distinct customer segments which range from consumer space to small and medium businesses.

Technology remains the key enabler to innovation both at the enterprise and user end given the rapidly growing penetration and usage of mobile devices. This is continuously pushing technology-led delivery of financial services. This is opening up new frontiers, to address underserved markets, bring in cost efficiencies, superior customer experience and speed of delivery. Banks and firms are investing heavily in technology-based solutions, to compete with contemporary fintech companies. Infrastructure-based technology, through platform-oriented and open application programming interfaces (APIs), is reshaping the future of the financial services industry, while the operational advancements offered by robotic process automation (RPA), chatbots, and Distributed Ledger Technology (DLT) are enabling greater agility, efficiency, and accuracy. Technology is empowering product customisation and innovation, which allows fintech’s to create custom solutions for specific segments.

There are multiple fintech business models that are flourishing and disrupting the global industry. These range across various segments of financial services - lending, payments, insurance, savings/investments to name a few. We have seen adoption and success in both domain excellence centric as well as platform centric business models. China is at the forefront of adoption and driven by competition, improved onboarding experiences, and the portability of data enabled by technology and, in some markets, changes in regulation. As digital penetration is rising, and business models becoming more mainstream, we are beginning to see regulatory support emerging for innovation across the world. This will further enable the acceleration of the fintech industry. Global investments in the Fintech industry continue and reached \$135.7bn in CY2019, according to the KPMG Pulse of Fintech report. According to this report, investments were led by Americas and Europe while Asia saw a decline in fintech investment year over year.

Developing markets are leading the innovation across various products and services, given the large underserved market and unmet demand by traditional players. The consumer-centric fintech adoption has been the fastest off the blocks and as per EY Global Fintech Adoption Index 2019, 64% was the global consumer fintech adoption. The payment category leads this space, followed by money transfer and insurTech. Similarly, MSME fintech adoption continues to pick up the pace and, basis of the EY report, it stood at 25%. However, the highest adoption rates are payments and financing. Further, the top reason that small businesses globally turn to a fintech is for a range of functionalities and features.

Winners in fintech are primarily emerging at a regional rather than a global level, similar to traditional retail banking. Regulatory complexity, market dynamics, ability to create custom products suited to each market within countries and across regions is contributing to regional “winner take most” outcomes for disrupters, especially in the fintech domain.

## 2. Indian Fintech Industry:

Primary consumer research has validated the Indian consumer’s readiness to adopt digital platforms. The traditionally cash-driven Indian economy has responded well to the fintech opportunity, primarily triggered by on-going digitisation and rising formalisation of the economy. The biggest opportunity in fintech today is in areas where customers are underserved and benefit most significantly from the reach, efficiency, analytics and transparency that technology provides. From wallets to lending to insurance, fintechs is redefining how financial services can be provided efficiently. India’s shift to the digital economy has set in motion the emergence of a new set of technology companies in the FinTech space.

In India, the FinTech startup ecosystem is experiencing rapid growth supported by a large market base, rising adoption, and collaboration with banks. The FinTech segments landscape continues to expand in India with domains including, but not limited to, Lending, digital payments, WealthTech, InsurTech, and Regtech.

The government initiatives to solve for identity in the form of Aadhar, bank account through Pradhan Mantri Jan Dhan Yojana (PMJDY), payment platforms such as UPI and internet penetration. This combination coupled with regulatory support for innovation has laid a solid foundation for multi-decade growth for the Indian Fintech industry. Additionally, government initiatives such as the introduction of Goods and Services Tax (GST) to formalise the economy have further expanded the market opportunity. The regulatory support has been instrumental in enabling the development of fintech sector by creating a conducive

environment for the fintech companies to enable these companies to reach out to the unbanked population and create custom offerings. Another encouraging India centric development is the build of the account aggregator system. An Account Aggregator is a consent manager for financial data: a new class of NBFC approved by RBI to manage consent for financial data sharing. The objective is to democratize data accesses and make it user consent based. The account aggregator initiative has multiple use cases across lending, wealth management, personal finance management and robo advisory. The scaling of the account aggregator systems will complete a public platform trinity very unique to India – Aadhar (Identification), UPI (Payments) and Account Aggregators (Data). These platforms, especially in the public space, will allow tech centric innovator companies to build multiple use cases and solve efficiently.

### 3. General Business Environment in Finance Sector:

At an aggregate level, the financial services in India saw a challenging year driven by sharp moderation in real GDP growth through all quarters of FY2020. In line with slowdown in economic growth in FY2020, bank credit recorded a weak 6.1% growth. This was also largely driven by growth in personal loans. Credit growth to industry and services continues to decelerate sharply. While the runway for innovation and growth remains immense, this year for the industry saw a big impact of COVID-19 in March, 2020. The domestic money market conditions tightened significantly since the onset of COVID-19 with risk aversion visible across markets. The government and RBI moved swiftly to ensure that liquidity remains sufficient and continue to extend support to borrowers and financial institutions to manage this unprecedented event. RBI launched Targeted Long-Term Repo Operation (TLTRO) program to ease liquidity pressure on NBFCs. This was through the special financing window through SIDBI, NABARD and National Housing Bank (NHB).

The COVID-19 pandemic is likely to result in a deterioration in the asset quality of the financial sector. Early indications of non-delinquent customers with good track records opting for moratoriums reflect the uncertainty and anxiousness among customers. The lending environment remains challenged and as financial institutions remain conservative in taking on risk at this point as well as operationally executing in a traditional brick and mortar model. This also offers opportunities to tech centric business models as the push for digital adoption by consumers and businesses accelerates; and having greater transaction visibility drives improved ability to underwrite and evaluate customers.

The penetration of other financial services remains low across wealth, investment, insurance and continues to improve. Mutual fund and equity investments continued to see strong participation through FY20. According to industry reports, 7.2mn new folios were added during FY20. The folio growth slowed and the wealth segment was impacted by challenges specifically in debt mutual fund schemes. Despite the mixed performance of the equities, equity penetration through systematic investment plans continue to increase and offers tremendous opportunity for growth. Again, the WealthTech category is likely to see strong gains as digital becomes default. This will enable market share shift from brick and mortar servicing models as well enable cost efficient delivery model to reach beyond top-10 cities.

## Loan Moratorium and Impact of COVID-19

As a part of COVID-19 regulatory package released by RBI dated March 27, 2020 and April 17, 2020, RBI has allowed financial institutions including Banks and NBFCs to grant a 3-month moratorium on payment of installments by the borrowers. This was for installments due between March 1, 2020 to May 31, 2020. The intent was to provide support to the borrowers – Individuals and Businesses, who were impacted by a nationwide lockdown. As announced on May 22, 2020, RBI permitted an extension of this moratorium period by an additional 3 months until August 31, 2020. Interest shall continue to be accrue on the existing loans during the moratorium period and ageing of borrowers who have availed the moratorium will remain in standstill during the aforesaid period. To bring this moratorium in effect and offer this to the customers, financial institutions are required to put in place a board approved policy.

Globally as well as in India, the uncertainty remains high due to the on-going COVID-19 pandemic. Lockdowns spread across the world and caused disruptions on an unprecedented and unimaginable scale. This ranges from areas such as lifting and/or re-impositions of lockdowns, possibility of second waves and effectiveness of measures to control the spread. Further there is limited visibility on the time horizon that it will take to mitigate and drive normalcy of life, businesses and the economy. Given this backdrop, there is high degree of uncertainty on how this will impact the company's business and financial results.

## Fintech Industry – Present & Future Outlook

The underlying growth dynamics for the fintech industry remain favourable and the last 3-4 years have been exciting for the Indian Fintech industry. As per Fintegrate report, globally India has the highest number of new fintech startups after the USA. The huge top-down push from the government for the adoption of digital payments coupled with several exciting innovations in this space, such as UPI, Aadhaar, BharatQR for QR-based payments. The rapid digitisation of payments ecosystem is the first step and this paves the way for other digital platform players to build and scale digital platform solutions. Further the account aggregator infrastructure and its development have long term implications on consent-based user data access with wide ranging use cases in the financial services segment.

In India, FinTech has the potential to provide workable solutions to the problems faced by traditional financial institutions such as low penetration, digital delivery, scarce credit history, and cash-driven transaction economy. Areas inaccessible to banks in terms of reach and/or prohibited by the high cost of delivery and service, tend to remain unbanked and this is a potential opportunity for tech-centric FinTech companies. If collaborative participation from all the stakeholders, viz., regulators, market players, and investors can be harnessed, the Indian banking and financial services sector could be changed dramatically. There exists a large white space in financial services.

India's FinTech sector is young but is growing rapidly, fueled by a large market base, an innovation-driven startup landscape, and friendly government policies and regulations. Several startups populate this emerging and dynamic sector, while both traditional banking institutions and non-banking financial companies (NBFCs) are catching up. The disruption caused by COVID-19 had led businesses to rethink their models and re-iterated the need to be tech-centric to solve and service such a large market opportunity. This disruption will impact the short-term performance of pure lending centric business models and could moderate growth rates for the time being. However, the fintech industry and business models should be able to pivot quickly, as against traditional institutions. Further over the



medium term, small businesses and consumers need to formalise and digitise quickly as a traditional offline way of doing business and consumption undergoes, perhaps, a structural change. This new disruption in the banking and financial services sector will have a wide-ranging impact over the long term.

## C. ABOUT THE COMPANY:

The vision of Niyogin is built on empowerment (Niyogin means “empower” in Sanskrit) of micro and small businesses in the country with a state-of-the-art digital platform which enables them access to relevant services & products (both financial and non-financial) in a low cost, transparent and easily accessible format which helps improve their productivity significantly and grow effectively in a fiercely competitive domestic and global environment.

We are establishing a proprietary pan-India distribution network that creates a funnel for customer acquisition (partners) and simultaneously enables an ecosystem of product, financial and strategic partnerships that serve our customers’ needs in a broad-based format. The validation of our platform, processes and under-writing sets the foundation for an open architecture product and process platform to support third-party businesses who are also focused on the MSME segment. We are on our way to realising the vision for small and micro-businesses in the country where we are more than a lending platform with the capability to be genuinely a digital solution provider for our target segment.

As we build a small business-centric fintech platform, what deeply resonates with us is the impact we are creating by empowering these small businesses and local entrepreneurs. Our entire distribution network across our retail partners and the partnership platform is naturally geared towards the underserved segment. Niyogin’s is 1) technology platform-centric, 2) Actively leverage retail distribution beyond credit, 3) Specialised, and 4) Capital Efficient.

The Company’s business model is based on four pillars of strategy:

### ➤ Capital Efficiency

- ✓ Publicly listed NBFC providing permanent access to equity capital
- ✓ Tech centric business model
- ✓ Platform-orientation drives fee income with reduced capital intensity

### ➤ Unique distribution

- ✓ Multi-Channel - Digital and Physical
- ✓ Network of finance professionals provides connectivity and market access beyond Tier-I
- ✓ Evangelization product customisation and monitoring due to the community presence of the network
- ✓ Ability to build platform, carry multiple products and generate platform-centric revenues

### ➤ Technology and Data

- ✓ Intuitive client and partner UI which streamlines onboarding
- ✓ Tech led product stack that extends beyond credit
- ✓ Fully digital



➤ Partnerships

- ✓ Platform- orientation by providing access to services/products beyond credit
- ✓ Create access through strategic partnerships delivered through the niyogin platform
- ✓ New business verticals through SaaS based solutions

D. OPERATIONAL & FINANCIAL PERFORMANCE:

I. Operational Review:

FY2020 was a vital year in our journey as a company as we took both positives and new learnings from our execution this year that form the foundation of our growth. In terms of positives, we accelerated our distribution build, partnerships, and expanded our product stack with the integration of Moneyfront. We learned the need to be more specialised in our credit and keep pushing the risk-adjusted yields higher given both the credit experience and the current operating environment. We are realigning our strategy to being fully tech-centric and credit light in the new post-COVID-19 avatar. We leverage our learnings and execution experience even as the on-going impact of the COVID-19 pandemic creates certain permanent shifts towards digitisation. The COVID-19 shock has created this opportunity and we intend to attempt to seize this and move our model from being credit-centric to becoming a horizontal platform that helps organise MSMEs and make them more competitive in the market place.

As an outline of our realigned strategy, Niyogin will be 1) Technology platform-centric, 2) Actively leverage retail distribution beyond credit, 3) Specialised, and 4) Capital Efficient. Given the solid distribution channel that we will build on, we continue to look for domain centric opportunities with like-minded founders where we could - build, partner, or acquire to accelerate the business build. We have already integrated Moneyfront this year, and we are beginning to exploit the full potential of the network through digitising the mom and pop wealth advisors through our SaaS-based platform. Further we have started the pilot of the business builder which is designed to enable MSME's build an online footprint and also serve as a digital workspace to access a range of business and financial products. We have had a heterogenous credit mix across the portfolio, and in the new strategy we will go more sub-segment centric with greater underwriting specialisation. We have done that well in the small retailer segment by leveraging transaction-based underwriting. We intend to narrow the credit focus and identify and accelerate such sub-segments. In summary, we are rewiring Niyogin to be tech-centric, more specialised and capital-efficient, and we look forward to this exciting journey.

Key Highlights - FY20

- o Retail partner base of 1,925, growth of 3x YoY
- o Registered platform customer base of 16,627, a L-F-L growth of 43.5% YoY
- o Wealth AUM of INR 7,497M (USD ~100M), up 43% YoY
- o Loan Book of INR 1,407 M, up 2.7x YoY

We ended the year with a registered platform customer base of 16,627 and our retail partner network expanded to 1,925 ahead of our full-year guidance of 1800. On credit, we ended FY20 with a loan book of INR 1,407M (USD 18.7M) and a disbursement of INR 1,731M (USD 25M). The disbursements are in line with our revised guidance for the FY20. We are excited to report that in FY20, our direct wealth platform business we hit the USD 100M AUM milestone. We ended the year with wealth AUM of INR 7,497 M (USD ~100 M), growth of 43% YoY.

## Unique distribution – Partner model

Distribution through the financial professional channel is the cornerstone to our business and we ended FY20 with 1,925 partners ahead of our guidance for the year and up 3x YoY. We have exceeded our full-year guidance of 1800 as we ended the year with 1,925 partners vs 612 in FY19, up 3x YoY. As we had highlighted in our previous update, our focus is on building deeper penetration in each location. As outlined in the strategy above, we have begun to leverage this channel for our non-balance sheet centric products. As we slowly expand our product stack on the platform, we expect to leverage the full potential of this distribution network. We continue to remain very engaged with our and have been re-training our sales team on new products. Our focus is on improving touchpoints with the partner continues; and bringing in new non-credit based products for our partner network to drive adoption and activation rates. Our focus in FY21 is to drive this mission to deliver the platform play and drive adoption beyond on balance sheet credit

## Technology and Products

Technology and Products remain the key for our realigned strategy and they will get more integrated as we move towards greater tech centricity and platform delivery. FY20 was the first year since inception where we began adding new products beyond credit on our platform. On the credit front, through our partnership with some exciting companies, we introduced custom transaction-based underwriting products. We added a settlement product that allows us to tap into an attractive payments/wallet market where merchants require daily settlement for their digital transactions. On the non-credit side, we are happy to record that we successfully closed our Moneyfront acquisition this year and also expanded the product stack within our digital wealth business. We introduced - a SaaS-based direct treasury platform, wealth analytics stack, and platform for our retail partners to digitise and/or build a new local wealth business. These product investments allow us to now fully exploit the Niyogin network, digital wealth platform capability, and expand the addressable market. Our core B2C segment of the platform continues to see good traction with industry-leading statistics of AUM/customer.

## II. Financial Performance of the Company in FY 2019-20:

During the year under review, the Company's total income stood at Rs. 2,762.55 Lacs (Previous Year: Rs. 2,285.23 Lacs). The income from operations amounted to Rs. 2,753.38 Lacs (Previous Year: Rs. 2,282.37 lacs). The Company incurred a net loss of Rs. 2,317.36 Lacs for the year ended 31st March 2020 (Previous Year: Rs. 817.40 lacs). This was primarily driven by the impairment of financial assets, transition to Ind AS and onset of COVID-19 pandemic in Q4FY20 have all magnified the impact. On the revenues, we saw a disruption due to pandemic and the lockdown in March, 2020 which impacted our disbursements and slowed our partnership ramp up significantly. This disruption has continued into FY21. Further, our wealth business revenues are lumpy with a high seasonality towards Q4, particularly March. The month of March was disrupted and this severely impacted revenue for FY20 in the wealth business.

The balance sheet remains strong with a net cash position of Rs. 8,397.30 Lacs for the year ended 31st March 2020. We remain unlevered and this puts us in a strong position for the FY21, given the on-going disruption and liquidity challenges industry is facing.

We ended FY20 with the disbursal of Rs. 173 crores and loan book of Rs. 141 crores. We delivered revenue of Rs. 2762.55 lacs, a growth of 21% YoY and expanded our platform customer base to 16,627. We remain focused on capital allocation and keeping the cash burn under check. Our relentless focus on cost management continues even as we invest in the business and accelerating growth. To attract talent and drive stakeholder alignment we incentivize our employees with a stock option program. We are in the growth and investment mode currently as we are scaling our business. That said, our business model has significant operating leverage as we expand our distribution, increase activation and add product offerings on the platform. We have accelerated our cost management initiatives to align with our tech centric strategy and the on the ground reality of the business environment. We believe that there is significant opportunity for our business model as COVID-19 pandemic drives structural change towards digital and tech first business models. Through FY21 we will continue to drive efficiencies and re-allocate capital towards scaling our balance sheet light and tech centric products.

#### Impairment on Financial Instruments – Expected Credit Loss (ECL)

In FY20, as per statutory requirements, the company has adopted Indian accounting standards (Ind AS) and transitioned from Indian GAAP. Accordingly, the asset classification and provisioning moves from a rule-based loss model to an expected credit loss (ECL) model to provide for future expected credit losses. The ECL statistical model is applied across the investment and the total loan book. There are two major components to ECL based method of provisioning 1) Probability of default (PD) and 2) Loss given default (LGD). The switch to ECL based provisioning for a young organisation like ours leads to a more conservative provisioning approach given limited data history that feeds ECL's statistical models. In addition to this, the loan loss provisions for FY20 have also been impacted by COVID-19.

Our loan loss provisions for FY20 have been impacted by weak economic activity driving higher PDs with GDP downgrades. Further given the sharp drop in economic activity, there is a COVID-19 related provisioning that has been taken in FY20. Overall our P&L performance this year has been impacted by the first-time adoption of ECL, and this has got further magnified given the massive disruption we are seeing on economy and livelihoods due to COVID-19.

#### Subsidiary and Associates

In FY2020, the company completed and closed the acquisition of Investdirect Capital Services Private Limited. This was closed on August 19, 2019 and has been consolidated for the period in FY2020. The company owns 50.01% equity stake in Investdirect Capital Services Private Limited. The company and its subsidiary own and operates the brand name "Moneyfront". We are happy to report that the company remains one of the leading Digital WealthTech platforms in the country and we continue to invest in new innovative products. We are excited to report that in FY2020, our direct wealth platform business hit the USD 100M AUM milestone. We ended the year with wealth AUM of INR 7,497 M (USD ~100 M), growth of 43% YoY despite sluggish equity markets and the steep correction in Q4FY20. We have integrated Moneyfront into Niyogin, and are now beginning to exploit the full potential of the network through the platform.

## E. OPPORTUNITIES & RISKS:

### Opportunities:

India has a massive opportunity to serve a 55M strong MSME ecosystem that remains underserved with an unmet credit demand of US\$300B. We are squarely focused on the target segment of customers with turnovers of less than Rs. 25crores (US\$<3.5M) and India as about 7.6M small businesses in this target segment. The credit gap alone in this segment stands at Rs11.9tr (US\$105B).

Revenue Segment (Rs m)	No. of Units (mn)	Credit Demand (Rs tr)	Bank Credit Supply (Rs tr)	Credit Gap (Rs tr)
< 1.5 m	41.4	4.1	0.9	3.2
1.5 m - 3 m	5.6	1.7	0.6	1.1
3 m - 15 m	4.5	4.8	2.1	2.7
15 m - 30 m	1.3	2.3	1	1.3
30 m - 180 m	1.8	7.2	3.6	3.6
<b>Total</b>	<b>54.6</b>	<b>20.1</b>	<b>8.2</b>	<b>11.9</b>

Source: Deloitte Analysis, MSME Annual Report, RBI, Industry Reports

There is a large funding gap between microfinance and commercial capital that can be filled by a formalised lending process to micro and small enterprises. Niyogin aims to address this through its innovative business model. Apart from the credit, our unique business model gives us relationship-based access to these customers through our financial professional network. This network is digitally savvy, entrepreneurial and can carry multiple products to its customer base of small businesses. This gives us a unique opportunity to capitalise on platform revenue opportunity across various other financial products (ex- WealthTech) and technology-based products.

### Risks:

The Company has significantly invested in technology and digital processes as it acknowledges that these are vital elements for mitigating various risks posed by the environment. The Company has established detailed procedures for underwriting and each loan is underwritten based on assessed cash flows of customers or other such credit evaluation tools including inputs from credit bureau information reports. These policies are regularly monitored against desired outcomes for the organisation and revised as necessary. Fluctuations in interest rates could adversely affect borrowing costs, interest income and net interest margins of companies in the financial sector. Being well funded with a strong capital base, the Company is in a position to tide over such spells. Further, the Company ensures that it maintains an appropriate proportion of assets and liabilities at a floating rate to avoid interest rate mismatches. There is a growing trend towards more stringent regulation in the NBFC sector. The Company is of the view that these changes are structurally beneficial for the financial services industry. Anticipating such regulations and implementing good governance norms before they are mandated will be a priority for the Company.

**F. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:**

The Company has a system of internal controls focusing on all processes to ensure the integrity of the financial accounting and reporting processes of the Company to ensure compliance with all legal rules and regulations. The Company has an Audit Committee which meets once in every quarter to review internal control systems, accounting processes, financial information, internal audit findings and other related areas including their adequacies.

**G. TECHNOLOGY & DATA INFRASTRUCTURE:**

As a fintech organisation, the Company recognizes the significance of having robust technology and data infrastructure which will enable the Company to optimize the digital delivery of products and services to its customers – both in terms of speed and cost. With this view, the Company made the conscious decision to invest upfront in its technology and data capabilities to create a competitive differentiator towards onboarding our distribution partners and customers. The Company further understands the relevance of information security and accordingly has the relevant security policies in place.

**H. HUMAN RESOURCES:**

Your Company continues to focus strongly on attracting and retaining the best talent across various functions in its ongoing businesses. The compensation strategy is based on the principle of 'Pay for performance' and has been implemented across all levels to ensure alignment of remuneration to individual performance. The said practice is followed for all business and functional heads. Maintaining Global Standards on the employment front and keeping pace with the ever-developing technology in the field, the company has taken several initiatives to make its workforce more efficient, well organised, professional and skilled. These steps include building high performing teams, encouraging innovations, inducting leadership at all levels, readying its people for higher roles, increasing the scope for the search of young talent and improving the hiring process to raise the talent bar. As on March 31, 2020, the employee strength of the Company was 102.

***Cautionary Statement***

*Statements in this Report, particularly those which relate to Management Discussion and Analysis, describing the Company's objectives, projections, estimates and expectations, may constitute 'Forward Looking Statements' within the meaning of applicable laws and regulations. Your Company undertakes no obligation or liability to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise actual results, performance of achievements could differ materially from those either expressed or implied in such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements and read in conjunction with financial statements included herein.*

*Disclaimer: All the data used in the initial sections of this report has been taken from publicly available resources and discrepancies, if, any, are incidental & unintentional.*

## DIRECTORS' REPORT

### TO THE MEMBERS,

Your Directors have pleasure in presenting their 32<sup>nd</sup> Annual Report together with the audited accounts of the Company for the year ended March 31, 2020.

#### 1. FINANCIAL PERFORMANCE:

<i>(Rs. In Lacs)</i>		
Particulars	2019-20	2018-19
Total Income	2762.55	2285.23
Total Expenditure	5079.91	3102.63
Profit/(Loss) before Tax	(2317.36)	(817.40)
Less: Provision for taxation		
Current Tax	-	-
Deferred Tax Asset	-	-
Net Profit/(Loss) after Tax	(2317.36)	(817.40)
Transfer to Reserve under Section 45IC of the RBI Act, 1934	-	-
Balance brought forward from previous period	(1564.73)	(747.33)
Balance carried to Balance Sheet	(3882.09)	(1564.73)
Earning Per Share		
- Basic	(2.72)	(0.97)
- Diluted	(2.72)	(0.97)

#### 2. COVID-19:

In the last month of FY 2020, the COVID-19 pandemic developed rapidly into a global crisis, forcing governments to enforce lock-downs of all economic activity. For the Company, the focus immediately shifted to ensuring the health and well-being of all employees, and on minimizing disruption to services for all our customers. To effectively respond to and manage our operations through this crisis, the Company triggered its business continuity management plan. Our teams reacted with speed and efficiency, and quickly leveraged technology to shift the workforce to an entirely new 'work-from-home' model. Several initiatives were rolled out to make teams and managers effective while working from different locations.

Although there are uncertainties due to the pandemic and reversal of the positive momentum gained in the last quarter of FY2020, the Company is actively seeking new opportunities. The Company's focus on liquidity, supported by a strong team and acceleration in cost optimization initiatives, would help in navigating any near-term challenges in the demand environment.

### 3. FINANCIAL AND COMPANY'S PERFORMANCE:

Your Company is in the business of providing unsecured working capital credit to MSMEs across India by applying state of the art fintech solutions that streamlines client onboarding, underwriting, documentation, loan disbursements and repayment. It is a registered Non-Banking Finance Company under the Reserve Bank of India Act, 1934 and is listed on the Bombay Stock Exchange Limited ('BSE Limited'). On a consolidated basis, the revenue for FY 2020 was `2804.82 lakhs. The loss for the year was 2451.77 lakhs. The Total comprehensive loss attributable to shareholders and non-controlling interests for FY 2020 was 2439.82 lakhs.

On an unconsolidated basis, during the year under review, the revenue of the Company stood at `2762.55 lakhs. The Company posted loss of ` 2317.36 lakhs as against ` 817.40 lakhs in the previous year.

### 4. DIVIDEND:

In view of the loss incurred by the Company during the year under review, your Directors do not recommend any dividend for the financial year ended March 31, 2020.

### 5. DEBT EQUITY RATIO:

Your Company's Debt: Equity ratio as on March 31, 2020 stands NIL.

### 6. NET OWNED FUNDS:

The Net Owned Funds of your Company as on March 31, 2020 stood at Rs. 23973.61 lakhs.

### 7. CREDIT RATING:

Since your Company is a Non-Deposit Accepting Non-Systematic NBFC, it does not have any deposits and thus does not require to obtain ratings for the same.

### 8. MATERIAL CHANGES AND COMMITMENTS AFFECTING FINANCIAL POSITION BETWEEN THE END OF THE FINANCIAL YEAR AND DATE OF THE REPORT:

There have been no material changes and commitments, which affect the financial position of the Company, that have occurred between the end of the financial year to which the financial statements relate and the date of this report.

### 9. CHANGE IN THE REGISTERED OFFICE:

The Company's registered office has been shifted from the State of Maharashtra to the State of Tamil Nadu. The said change was approved by the shareholders vide postal ballot, the results of which were declared on March 27, 2019. Subsequently, the Regional Director approved the said shifting of the Company's registered office vide order dated July 08, 2019. The Company's new registered office was situated in Chennai at F-22, 3<sup>rd</sup> Floor, Palm Spring Apartment, 2<sup>nd</sup> Main Road, Anna Nagar East, Chennai 600 102 which was subsequently shifted to MIG 944, Ground Floor, TNHB Colony, 1<sup>st</sup> Main Road, Velachery, Chennai, Tamil Nadu- 600042 on January 01, 2020. The Company's office in Mumbai shall continue to operate as corporate office. The Company, being NBFC, has also made an application to the Reserve Bank of India for obtaining its consent to change its jurisdiction from the State of Maharashtra to the State of Tamil Nadu and the same is awaited.



## 10. ACQUISITION:

During the year under purview, the Company completed the acquisition of 50.01% stake in InvestDirect Capital Services Private Limited ("ICSPL"). This acquisition also resulted in the Company acquiring indirect stake in ICSPL's wholly-owned subsidiary viz. Moneymap Investment Advisors Private Limited ("Moneyfront"). The said acquisition was a non-cash transaction wherein the Company issued equity shares to the shareholders of ICSPL, by way of preferential issue, as consideration towards the shareholders of ICSPL transferring part of their shareholding in ICSPL in the Company's name. The preferential issue was allotted on August 19, 2019 and subsequently the Company obtained the trading approval from the stock exchange effective November 05, 2019.

## 11. SUBSIDIARIES

Pursuant to the aforesaid acquisition during the year, the Company has 2 subsidiaries as on March 31, 2020. There are no associate or joint venture companies within the meaning of Section 2(6) of the Companies Act, 2013 ("Act"). There has been no material change in the nature of the business of the subsidiaries.

- **Investdirect Capital Services Private Limited (Investdirect)**

A subsidiary in which the Company owns 50.01%. Investdirect is an automated direct plan platform provider assisting clients in investing in mutual funds as well as other equity and fixed income instruments. It enables users to consolidate their fund holdings from traditional channels to direct channel with the aim of upselling higher value products along with building advisory capability. Investdirect is having its registered office in Mumbai, Maharashtra.

- **Monemap Investment Advisors Private Limited (Moneymap)**

A step subsidiary i.e. Moneymap is 100% owned by Investdirect. Moneymap is an Investment Advisor and holds a valid license issued by SEBI. Moneymap is having its registered office in Mumbai, Maharashtra.

The statement containing the salient features of Company's Subsidiaries and Associate Companies under the first proviso of section 129(3) forms the part of the Annual Report.

As decided by the Board of Directors, the copies of Audited/ Unaudited Financial Statements of the Subsidiaries have not been attached to the Annual Accounts of the Company. These documents will, however, be made available upon request by any member of the Company and also shall be available for inspection at the registered office of the Company during business hours on working days of the Company up to the date of the ensuing Annual General Meeting. Further, the audited financial statements of the Subsidiaries are available on the website of the Company i.e. [www.niyogin.com](http://www.niyogin.com).

The policy for determining material subsidiaries is disclosed on the Company's website and the weblink for the same is <https://www.niyogin.com/investors/corporate-governance/codes-and-policies/material-subsiary-policy.pdf>

## 12. SCHEME OF AMALGAMATION:

The Board of the Directors of your Company (the '**Board**') at their meeting held on December 16, 2019, approved Scheme of amalgamation under Sections 230-232 of the Companies Act, 2013 (the '**Act**') and the rules and regulations made thereunder, of Information Interface India Private Limited ("**IIPL**") with Niyogin Fintech Limited ("**NFL**") and their respective shareholders and creditors ("**Scheme**"). The Scheme as aforesaid has received approval from the stock exchange and Reserve Bank of India on July 9, 2020 and July 23, 2020 respectively. It is further subject to necessary approvals of the shareholders and creditors of the company(ies), as may be applicable, Chennai Bench of National Company Law Tribunal and such other statutory and regulatory approvals as may be required.

## 13. SHARE CAPITAL:

During the year under review till the date of this report, the Company made the following allotment:

Allotment of 11,42,895 (Eleven Lakhs Forty-Two Thousand Eight Hundred and Ninety-Five) equity shares of face value of Rs. 10/- each at a premium of Rs. 65/- per share pursuant to acquisition of 50.01% of InvestDirect. The said preferential issue was approved by the shareholders vide Postal Ballot, results of which were declared on March 27, 2019.

Further, pursuant to the NFL- Employee Stock Option Plan 2018 ('ESOP Scheme'), the Board issued and allotted 75,697 (Seventy-Five Thousand Six Hundred and Ninety-Seven) to the eligible employees under the ESOP Scheme (for information pertaining to ESOPs, please refer Annexure to the Directors' Report).

Subsequent to the aforesaid allotments, the issued and paid-up equity share capital of the Company as on March 31, 2020 stands at Rs. 85,98,54,750 /- (Rupees Eighty-Five Crores Ninety-Eight Lakhs Fifty-Four Thousand Seven Hundred and Fifty Only) divided into 8,59,85,475 (Eight Crores Fifty-Nine Lakhs Eighty-Five Thousand Four Hundred and Seventy-Five) equity shares of Rs. 10/- (Rupees Ten Only) each.

## 14. DEPOSITORY SYSTEM:

The Company's equity shares are compulsorily tradable in electronic form. As on March 31, 2020, 99.94% of the Company's total paid-up capital representing 85930275 equity shares were in dematerialized form. In view of the benefits offered by the depository system, members holding shares in physical mode are advised to avail the demat facility.

## 15. PUBLIC DEPOSITS:

Your Company did not invite or accept deposits from public during the year under review.

## 16. PARTICULARS OF LOANS, GUARANTEES & INVESTMENTS:

In terms of Section 186(11) of the Companies Act, 2013 read with Companies (Meetings of Board and its Powers) Rules, 2014, loans made, guarantees given or securities provided by the Company are exempted from compliance with the requirements of Section 186 of the Companies Act, 2013. During the year under review, your Company has invested surplus funds pending business deployment in various liquid debt securities in the ordinary course of business. For details of the current and long-term investments of the Company, please refer Note 37.5 to the Audited Financial Statements.

## 17. RELATED PARTY TRANSACTIONS:

All related party transactions that were entered into during the financial year were in compliance with the requirement of the Companies Act, 2013 and the Rules framed thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. All Related Party Transactions are placed before the Audit Committee and also the Board, as the case may be, for approval. A statement giving details of all related party transactions were placed before the Audit Committee and the Board of Directors for their approval / noting on a quarterly basis.

The policy on Related Party Transactions as approved by the Board is uploaded on the Company's website [www.niyogin.com](http://www.niyogin.com).

## 18. REPORT ON CORPORATE GOVERNANCE AND MANAGEMENT DISCUSSION AND ANALYSIS:

Report on Corporate Governance and Management Discussion and Analysis Report for the year under review, together with a Certificate from Mitesh J. Shah & Associates, Company Secretaries regarding compliance of the conditions of Corporate Governance, as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 forms part of the Annual Report. The Company is in full compliance with the requirements and disclosures that have to be made in this regard.

## 19. DIRECTORS & KEY MANAGERIAL PERSONNEL:

### (a) Directors:

As on March 31, 2020, the Company's Board consists of the following Directors:

- (i) Mr. Amit Rajpal – Chairman & Non-Executive Director  
(DIN: 07557866)
- (ii) Mr. Makarand Patankar – Whole Time Director  
(DIN: 01584128)
- (iii) Mr. Kapil Kapoor – Independent Director  
(DIN: 00178966)
- (iv) Ms. Sutapa Banerjee – Independent Director  
(DIN: 02844650)
- (v) Mrs. Subhasri Sriram – Independent Director\*  
(DIN: 01998599)
- (vi) Mr. Eric Wetlaufer – Independent Director  
(DIN: 08347413)

During the year, Ms. Sucheta Dalal ceased to be the Directors with effect from November 6, 2019. The Board places on record its appreciation for her invaluable contribution and guidance.

\*The Board of Directors, at its meeting held on January 23, 2020 upon the recommendation of the Nomination and Remuneration Committee, has appointed Mrs. Subhasri Sriram as an Independent Director of the Company. Being eligible and offering herself for appointment, resolution is being placed before the Members for approval at the 32<sup>nd</sup> Annual General Meeting.

In accordance with Section 152 and other applicable provisions of Companies Act, 2013, Mr. Amit Rajpal (DIN: 07557866) – Chairman & Non- Executive Director retires by rotation and being eligible, offers himself for re-appointment at the ensuing Annual General Meeting. The Board commends his re-appointment.

As required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR 2015), particulars of Directors seeking appointment/ reappointment at the ensuing General Meeting have been given under Corporate Governance Report and in the Notice of the 32<sup>nd</sup> Annual General Meeting.

The Independent Directors of your Company have given the certificate of independence to your Company stating that they meet the criteria of independence as mentioned under Section 149(6) of the Companies Act, 2013 along with Rules framed thereunder and Regulation 16(1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”). There has been no change in the circumstances affecting their status as independent directors of the Company. In the opinion of the Board, the independent directors possess the requisite integrity, experience, expertise and proficiency required under all applicable laws and the policies of the Company.

**(b) Key Managerial Personnel:**

As on the date of this Report, the following persons have been appointed as the Key Managerial Personnel (KMP) of the Company pursuant to Section 2(51) and 203 of the Companies Act, 2013:

- (i) Mr. Makarand Patankar – Whole Time Director
- (ii) Mr. Rumi Dugar – Chief Financial Officer (w.e.f. February 01, 2020)
- (iii) Ms. Neha Agarwal – Company Secretary & Compliance Officer (w.e.f. May 13, 2020)

During the year under review, Mr. Sandeep Akolkar resigned as the Chief Financial Officer of the Company with effect from January 31, 2020.

**20. BOARD & COMMITTEE MEETINGS:**

During the year under review, six (6) Board Meetings and eight (8) Audit Committee Meetings were convened and held. The details of the same along with other Committee meeting of Board are given in the Corporate Governance Report. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

**21. BOARD EVALUATION:**

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out an annual performance evaluation of its own Board, its Committees and the individual members of the Board (including the Chairperson). A structured questionnaire was prepared after taking into consideration inputs received from the directors, covering the aforesaid aspects of the Board’s functioning. The overall performance of the Board and Committees of the Board was found satisfactory.

The overall performance of Chairman, Executive Directors and the Non-Executive Directors of the Company was found satisfactory. The review of performance was based on the criteria of performance, knowledge, analysis, quality of decision making etc.

The manner in which the evaluation has been carried out has also been explained in the Corporate Governance Report.

## 22. DISCLOSURES BY DIRECTORS:

Based on the declarations and confirmations received in terms of provisions of the Companies Act, 2013, circular(s) / notification(s) / direction(s) issued by the RBI and other applicable laws, none of the Directors on the Board of your Company are disqualified from appointment as Directors.

Your Company has received declarations from the Independent Director(s), affirming compliance with the criteria of independence as stipulated in Section 149(6) of the Companies Act, 2013.

## 23. FAMILIARIZATION PROGRAMME FOR INDEPENDENT DIRECTORS:

The Independent Directors have complete access to the information within the Company. As a part of Agenda of Board / Committee Meetings presentations are regularly made to the Independent Directors on various matter inter-alia covering the Company's strategy, business model, operations, markets, organization structure, product offerings, finance, risk management framework, quarterly and annual financial results, human resources, technology, quality, role, rights, responsibilities of the Independent Directors and such other areas as may arise from time to time, where Directors get an opportunity to interact with the Company's management (Familiarization Programme).

The details of familiarisation programmes for the directors are disclosed on the Company's website and the weblink for the same is <https://www.niyogin.com/investors/corporate-governance/codes-and-policies/niyogin-board-familiarisation-programme.pdf>

## 24. REMUNERATION POLICY:

The Board has, on the recommendation of the Nomination & Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management and their remuneration. The Remuneration Policy is stated in the Corporate Governance Report and is also available on the Company's Website at <https://www.niyogin.com/investors/corporate-governance/codes-and-policies/nomination-and-remuneration-policy.pdf>

## 25. DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to Section 134(3)(c) of the Companies Act, 2013, the Directors confirm that:

- (a) in the preparation of the annual accounts for the financial year ended March 31, 2020, the applicable accounting standards and Schedule III of the Companies Act, 2013, have been followed and there are no material departures from the same;
- (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 your Company as at March 31, 2020 and of the profit/loss of the Company for the financial year ended March 31, 2020;
- (c) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;



- (d) the annual accounts have been prepared on a 'going concern' basis;
- (e) proper internal financial controls laid down by the Directors were followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- (f) proper systems to ensure compliance with the provisions of all applicable laws were in place and that such systems were adequate and operating effectively.

## 26. STATUTORY AUDITORS:

As per Section 139 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the members of the Company in its 29<sup>th</sup> Annual General Meeting held on September 28, 2017 approved the appointment of M/s B S R & Co. LLP, Chartered Accountants (ICAI Registration No - 101248W/W-100022), as the Statutory Auditors of the Company for an initial term of 5 years i.e. from the conclusion of 29<sup>th</sup> Annual General Meeting till the conclusion of the 34<sup>th</sup> Annual General Meeting of the Company. The Report given by M/s. B S R & Co. LLP, Chartered Accountants, on the financial statements of the Company for the year ended March 31, 2020 is part of the Annual Report.

However, M/s B S R & Co. LLP, Chartered Accountants, tendered their resignation from the Company w.e.f. July 23, 2020 for commercial considerations. Therefore, as per the recommendation of the Audit Committee, the Board recommends appointment of M/s. MSKA & Associates, Chartered Accountants, (Firm Registration No: 105047W) as the Statutory Auditors of the Company to fill the casual vacancy caused by the resignation of M/s BSR & Co., LLP, Chartered Accountants and shall hold office up to the conclusion of the this Annual General Meeting of the Company.

## 27. AUDITOR'S REPORT:

There has been no qualification, reservation or adverse remark or disclaimer in their Report. During the year under review, the Auditors had not reported any matter under Section 143(12) of the Act, therefore no detail is required to be disclosed under Section 134(3)(ca) of the Act.

## 28. SECRETARIAL AUDIT:

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company had appointed M/s Mitesh J. Shah & Associates, Company Secretaries to undertake the Secretarial Audit of the Company for the financial year ended March 31, 2020. The Report of the Secretarial Audit is annexed herewith as Annexure 'VI'.

## 29. REQUIREMENT FOR MAINTENANCE OF COST RECORDS

The cost records as specified by the Central Government under Section 148(1) of the Companies Act, 2013, are not required to be maintained by the Company.

## 30. RBI GUIDELINES:

Your Company continues to fulfill and comply with all the circular(s), notification(s), direction(s) and guideline(s) issued by the RBI, as are applicable to it as a Non-Systemically Important Non-Deposit Accepting or Holding Non-Banking Financial Company. In terms of the RBI Master Circular No. 15/2015-16 dated July 1, 2015 on Foreign Investment in India, your Company has obtained a

certificate from its Statutory Auditors, certifying that the Company is in compliance with the FEMA regulations.

### 31. PARTICULARS OF DEPOSITS:

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

### 32. INTERNAL FINANCIAL CONTROL SYSTEM:

According to Section 134(5)(e) of the Companies Act, 2013 the term Internal Financial Control (IFC) means the policies and procedures adopted by the company for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, safeguarding of its assets, prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information.

The Company has a proper and adequate internal financial control system which ensures that all assets are safeguarded and protected and that the transactions are authorised, recorded and reported correctly. The Company's internal financial control system also comprises of compliances with the Company's policies and Standard Operating Procedures (SOPs), which is further reviewed by CNK & Associates LLP, the Internal Auditors. The Internal Auditors independently evaluate the adequacy of internal controls.

### 33. ADEQUACY OF INTERNAL FINANCIAL CONTROLS IN RELATION TO FINANCIAL STATEMENTS:

The Companies Act, 2013 re-emphasizes the need for an effective Internal Financial Control system in the Company. The system should be designed and operated effectively. Rule 8(5)(viii) of Companies (Accounts) Rules, 2014 requires the information regarding adequacy of Internal Financial Controls with reference to the financial statements to be disclosed in the Board's report. To ensure effective Internal Financial Controls, the Company has laid down the following measures:

- All operations are executed through Standard Operating Procedures (SOPs) in all functional activities for which key manuals have been put in place. The manuals are updated and validated periodically.
- All legal and statutory compliances are ensured on a monthly basis for all locations in India through a fully automated tool. Non-compliance, if any, is seriously taken by the management and corrective actions are taken immediately.
- Approval of all transactions is ensured through a pre-approved delegation of authority schedule. The schedule is reviewed periodically by the management and compliance of the same is regularly checked and monitored by the auditors.
- The Company follows a robust internal audit process wherein audits are conducted on a regular basis throughout the year by the Internal Auditors as per agreed audit plan.
- The audit reports of the Internal Auditors are submitted to the Audit Committee and the Board for review and necessary action.

- The Company has a comprehensive risk management framework.
- The Company has a robust mechanism of building budgets at an integrated cross functional level. The budgets are reviewed on a monthly basis so as to analyze the performance and take corrective action, wherever required.
- The Company has in place a well-defined Whistle Blower Policy / Vigil Mechanism.
- The Company has a system of Internal Business Reviews. All departmental heads discuss their business issues and future plans in monthly review meetings. They review their achievements in quarterly review meetings.
- Compliance of the secretarial functions is ensured by way of secretarial audit.

#### 34. CORPORATE SOCIAL RESPONSIBILITY:

As per the provisions of Section 135 of the Companies Act, 2013, your Company is not required to contribute funds for CSR. However, as a part of good corporate governance along with an intent to work for a social cause the Company has constituted a CSR Committee.

#### 35. EXTRACT OF ANNUAL RETURN:

Pursuant to sub-section 3(a) of section 134 and sub-section (3) of section 92 of the Companies Act, 2013, read with Rule 12 of the Companies (Management and Administration) Rules, 2014 the extract of the annual return as on March 31, 2020 forms part of this report as **Annexure 'V'**. Further, the Annual Return of the Company in the prescribed Form MGT-9 is available on the website of the Company at the link [www.niyogin.com](http://www.niyogin.com).

#### 36. PARTICULARS OF EMPLOYEES:

As on March 31, 2020, there were 102 employees on the payroll of the Company. During the year, 0 employee employed throughout the year was in receipt of remuneration of ` 1 crore and 2 lakh or more per annum and 1 employee employed for part of the year was in receipt of remuneration of ` 8.5 lac or more per month. In accordance with the provisions of Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the names and particulars of the top ten employees in terms of remuneration drawn and of the aforesaid employees are set out in the annexure to the Directors' Report. In terms of the provisions of Section 136(1) of the Companies Act, 2013 read with the rule, the Directors' Report is being sent to all shareholders of the Company excluding the annex. Any shareholder interested in obtaining a copy of the annexure may write to the Company.

Further disclosures on managerial remuneration are annexed to this report as Annexure 'I'.

#### 37. EMPLOYEE STOCK OPTION PLAN:

During the year, 5,46,357 options were granted to the eligible employees pursuant to the Company's ESOP Scheme. The said options have not vested till the date of this report. The applicable disclosures as stipulated under the SEBI Regulations as on March 31, 2020 with regard to ESOP Scheme are provided in Annexure 'II' to this report.

**38. SEXUAL HARASSMENT POLICY:**

During the year under review the Company has not received any complaint from the employees related to sexual harassment. The Company has in place sexual harassment policy which is available on the Company's website.

**39. AUDIT COMMITTEE**

The details pertaining to the composition of the Audit Committee are included in the Corporate Governance Report, which is a part of this report.

**40. RISK MANAGEMENT:**

The Company has in place a mechanism to identify, assess, monitor and mitigate various risks to key business objectives. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis. These are periodically discussed at the meetings of the Company. The development and implementation of risk management policy has been covered in the Management Discussion and Analysis, which forms part of this report.

**41. VIGIL MECHANISM:**

Your Company is committed to highest standards of ethical, moral and legal business conduct. Accordingly, the Board of Directors has formulated a Vigil Mechanism Policy which is in compliance with the provisions of Section 177 (10) of the Companies Act, 2013 and Regulation 22 of the Listing Regulation. The policy provides for a framework and process whereby concerns can be raised by its employees against any kind of discrimination, harassment, victimization or any other unfair practice being adopted against them.

**42. ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING & OUTGO:**

- A. Conservation of Energy: NIL
- B. Technology Absorption: NIL
- C. Foreign Exchange Earning: NIL
- D. Foreign Exchange Outgo: Rs. 7,87,664/-

**43. COMPLIANCE WITH SECRETARIAL STANDARDS**

The Company is in compliance with all applicable Secretarial Standards as notified from time to time.

**44. BUSINESS RESPONSIBILITY REPORT**

Regulation 34(2) of SEBI Listing Regulations, 2015, inter alia, provides that the annual report of the top 1000 listed entities based on market capitalization (calculated as on 31 March of every financial year) shall include a Business Responsibility Report (BRR).

Since your Company is one of the top 1000 listed entities, we have presented our BRR for the financial year 2019-20, which is part of this Annual Report. This BRR, being part of this Annual Report, is also available on the Company's website [www.niyogin.com](http://www.niyogin.com)

#### 45. APPRECIATIONS:

Your Directors take this opportunity to express their appreciation to all stakeholders of the Company including the Reserve Bank of India, the Ministry of Corporate Affairs, the Securities and Exchange Board of India, the Government of India and other Regulatory Authorities, Members, Customers and Employees of the Company for their continued support and trust.

Your Directors regret the loss of life due to COVID-19 pandemic and are deeply grateful and have immense respect for every person who risked their life and safety to fight this pandemic.

Your Directors appreciate and value the contribution made by every member of the Niyogin family.

**For and on behalf of the Board of Directors  
Niyogin Fintech Limited**

**Amit Rajpal**

**DIN: 07557866**

Date: July 23, 2020

Place: Hong Kong



**Disclosures in terms of sub-section 12 of Section 197 of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 for the Financial Year ended March 31, 2020**

Sr. No.	Requirement	Disclosure	
1.	The ratio of the remuneration of each Director to the median remuneration of the employees of the company for the financial year	<b>Name of Director</b>	<b>Ratio</b>
		Mr. Makarand Patankar	<b>4.71</b>
		Mr. Amit Rajpal	NA
		Mr. Kapil Kapoor	NA
		Ms. Sutapa Banerjee	NA
		Ms. Sucheta Dalal	NA
		Mr. Eric Wetlaufer	NA
		Mrs. Subhasri Sriram	NA
2.	The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer and Company Secretary in the financial year	<b>Name of Director / CEO / CFO/ CS</b>	<b>Percentage increase in their remuneration during the Financial Year ended 2020</b>
		Mr. Makarand Patankar	NIL
		Mr. Amit Rajpal	NA
		Mr. Kapil Kapoor	NA
		Ms. Sutapa Banerjee	NA
		Ms. Sucheta Dalal	NA
		Mr. Eric Wetlaufer	NA
		Mr. Sandeep Akolkar	NA
		Mr. Rumit Dugar	NA
		Mr. Mandar Godbole	5
3.	The percentage increase in the median remuneration of employees in the financial year	60.16	
4.	Number of permanent employees on the rolls of Company at the end of financial year	102	
5.	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year was (NA) whereas the average percentile increase in the managerial remuneration was (NA) The average increase every year is in line with our reward philosophy and benchmarking to be competitive versus our competitor companies		
6.	Affirmation that the remuneration is as per the Remuneration Policy of the Company	It is affirmed that the remuneration paid is as per the Remuneration Policy of the Company.	

**Note:**

- Ms. Sucheta Dalal resigned as Director w.e.f. November 06, 2019
- Mr. Mandar Godbole resigned as Company Secretary w.e.f. December 22, 2019
- Mr. Sandeep Akolkar resigned as CFO w.e.f. January 31, 2020
- Mr. Runit Dugar appointed as CFO w.e.f. February 01, 2020
- Sitting fees paid to Non-Executive Independent Directors during the FY 2019-20 has not been included for calculation of remuneration paid to them.

**DISCLOSURES PURSUANT TO SECURITIES AND EXCHANGE BOARD OF INDIA (SHARE BASED EMPLOYEE BENEFITS) REGULATION, 2014.**

The Company granted options to its eligible employees under NFL Employees Stock Option Plan, 2018 (NFL ESOP 2018) approved by the shareholders via postal ballot on July 09, 2018. The details of the schemes pursuant to the provisions of Rule 12(9) of the Companies (Share Capital and Debentures) Rules, 2014 are given in notes the Financial Statements and other details of the scheme for the year ended March 31, 2020 are summarized below:

Sr. No.	Details	NFL ESOP - 2018
1.	Options granted	546357
2.	Options exercisable at the end of the year	201292
3.	Options exercised	75697
4.	Total number of shares arising as a result of exercise of option	75697
5.	Options granted but lapsed/ Forfeited	225542
6.	Exercise Price (in Rs.)	Rs. 10/- plus applicable taxes, as may be levied on the Company
7.	Variation of terms of options	-
8.	Money realized by exercise of options	756970
9.	Employee wise details of options granted to Key Managerial Personnel / Director /Senior Management during the year	Annexure 'A'
	• Any other employee who received a grant in any one year of options amounting to 5% or more of options granted during the year	None
	• Identified employees who were granted options, 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	None
10.	Total number of options in force as at March 31, 2020	1151723
11.	Diluted Earnings Per Share (EPS) pursuant to the issue of shares on exercise of options calculated in accordance with Accounting Standard (AS) - 20 (Earnings Per Share)	(2.72)

As per the terms of the NFL ESOP – 2018, the options lapsed under the NFL ESOP - 2018 shall form part of the overall options granted that can be granted under NFL ESOP - 2018. 2,25,542 options lapsed under NFL ESOP – 2018 can be re-granted by the Company to the eligible employees.

The company has adopted fair value method in accounting for employee cost on account of NFL ESOP – 2018.

The total expense charged to the statement of profit and loss in respect of the options granted aggregated: NIL (previous year: NIL).

#### **Annexure ‘A’**

#### **DETAILS OF OPTIONS GRANTED TO KEY MANAGERIAL PERSONNEL / DIRECTOR /SENIOR MANAGEMENT**

<b>Sr. No.</b>	<b>Employee name</b>	<b>Grade</b>	<b>No. of options</b>
1.	Mandar Godbole*	Company Secretary	14031
2.	Parag Chopde	President & Chief Risk Officer	15700
3.	Himanshu Rajpal	President & Chief Business Officer	197290
4.	Arnab Bhattacharya*	President	21980
5.	Srivaths Varadharanjan	President & Chief Technology Officer	94203
6.	Noorallah Charania	Chief Operations Officer	14031
7.	Vijay Sankar	Head- Collections	37418
8.	Kapil Kini*	Head- Sales	28063

*\*Resigned during the year ended March 31, 2020*

**FORM NO. AOC.2**

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

1. Details of contracts or arrangements or transactions not at arm's length basis: **Not Applicable**
  - (a) Name(s) of the related party and nature of relationship
  - (b) Nature of contracts/arrangements/transactions
  - (c) Duration of the contracts/arrangements/transactions
  - (d) Salient terms of the contracts or arrangements or transactions including the value, if any
  - (e) Justification for entering into such contracts or arrangements or transactions
  - (f) date(s) of approval by the Board
  - (g) Amount paid as advances, if any:
  - (h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188
  
2. Details of material contracts or arrangement or transactions at arm's length basis
  - (a) Name(s) of the related party and nature of relationship –Gaurav Patankar, son of Makarand Patankar – Whole time Director
  - (b) Nature of contracts/arrangements/transactions – Consultancy Services
  - (c) Duration of the contracts/arrangements/transactions – Need based
  - (d) Salient terms of the contracts or arrangements or transactions including the value, if any: NIL
  - (e) Date(s) of approval by the Board, if any: **Not Applicable**
  - (f) Amount paid as advances, if any: NA



**Disclosures pursuant to Regulation 34(3) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as on March 31, 2020**

**Related Party Disclosure:**

<b>Sr. No.</b>	<b>In the accounts of</b>	<b>Disclosures of amounts at the year end and the maximum amount of loans / advances / investments outstanding during the year</b>	<b>Details</b>
<b>1</b>	<b>Holding Company:</b>	<ul style="list-style-type: none"> <li>Loans and advances in the nature of loans to subsidiaries by name and amount</li> <li>Loans and advances in the nature of loans to associates by name and amount</li> <li>Loans and advances in the nature of loans to firms / companies in which Directors are interested by name and amount</li> </ul>	<b>NA</b>
<b>2</b>	<b>Subsidiary Company(ies):</b>	<ul style="list-style-type: none"> <li>Loans and advances in the nature of loans to parent by name and amount</li> <li>Loans and advances in the nature of loans to associates by name and amount</li> <li>Loans and advances in the nature of loans to firms / companies in which Directors are interested by name and amount</li> </ul>	<b>NA</b>
<b>3</b>	<b>Holding Company:</b>	Investment by the loanee in the shares of parent company and subsidiary company, when the company has made a loan or advance in the nature of loan	<b>NA</b>

**Form No. MGT-9**  
**EXTRACT OF ANNUAL RETURN**  
**As on financial year ended on March 31, 2020**  
*[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]*

**I. REGISTRATION AND OTHER DETAILS:**

<b>CIN</b>	:	L65910TN1988PLC131102
<b>Registration Date</b>	:	01.02.1988
<b>Name of the Company</b>	:	Niyogin Fintech Limited
<b>Category / Sub-Category of the Company</b>	:	Public Company Limited by shares, NBFC Non-Government Company
<b>Address of the Registered office and contact details (w.e.f. January 01, 2020)</b>	:	MIG 944, Ground Floor, TNHB Colony, 1st Main Road, Velachery, Chennai, Tamil Nadu- 600042  Telephone: 044- 61512151 Email id: niyogin.compliance@niyogin.in
<b>Address of the Corporate office and contact details</b>	:	Neelkanth Corporate IT Park, 311/312, 3rd Floor, Kiroli Road, Vidyavihar (w), Mumbai – 400086  Telephone: +91 22 62514646; Email id: niyogin.compliance@niyogin.in
<b>Whether listed company</b>	:	Yes
<b>Name, Address and Contact details of Registrar and Transfer Agent, if any:</b>	:	Link Intime India Private Limited C-101, 1 <sup>st</sup> Floor, 247 Park, Lal Bahadur Shastri Marg, Vikhroli (West) Mumbai - 400083 Telephone: +91 22 25963838 Fax: +91 22 25946979 Email id: <a href="mailto:shweta.poojari@linkintime.co.in">shweta.poojari@linkintime.co.in</a>

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

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

Sl. No.	Name and Description of main products/ Services	NIC Code of the Product/ service	% to total turnover of the company
1.	NBFC engaged in lending and allied activities	649	99.67%

### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and address of the Company	CIN / GLN	Holding / subsidiary / associate	% of shares held	Applicable section
1	Investdirect Capital Services Private Limited (Investdirect) Address: Office 702, Samarpan Complex, New Link Road, Opp. Satam Wadi, Chakala, Andheri East, Mumbai - 400099	U74999MH2015PTC266834	Subsidiary	50.01%	2(87)
2	Moneymap Investment Advisors Private Limited Address: Office 702, Samarpan Complex, New Link Road, Opp. Satam Wadi, Chakala, Andheri East, Mumbai - 400099	U74900MH2015PTC270286	Step down subsidiary (Subsidiary of Investdirect)	100.00%	2(87)

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

#### i. Category-wise Share Holding:

Category of Shareholders	No. of Shares held at the beginning of the year (2019)				No. of Shares held at the end of the year (2020)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Shareholding of Promoter and Promoter Group									
(1) Indian									
a) Individual /HUF	-	-	-	-	-	-	-	-	-
b) Central Govt./ State	-	-	-	-	-	-	-	-	-

Govt. (s)									
c) Financial Institutions / Banks	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	33702594	-	33702594	39.76	34435567	-	34435567	40.05	0.29
e) Any other	-	-	-	-	-	-	-	-	-
Sub-total(A)(1) :	<b>33702594</b>	-	<b>33702594</b>	<b>39.76</b>	<b>34435567</b>	-	<b>34435567</b>	<b>40.05</b>	<b>0.29</b>
(2) Foreign									
a) Individuals (Non-Resident Individuals / Foreign Individuals)	274231	-	274231	0.32	473531	-	473531	0.55	0.23
b) Government	-	-	-	-	-	-	-	-	-
c) Institutions	-	-	-	-	-	-	-	-	-
d) Foreign Portfolio Investor	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
Sub-total (A)(2):	<b>274231</b>	-	<b>274231</b>	<b>0.32</b>	<b>473531</b>	-	<b>473531</b>	<b>0.55</b>	<b>0.23</b>
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	<b>33976825</b>	-	<b>33976825</b>	<b>40.08</b>	<b>34909098</b>	-	<b>34909098</b>	<b>40.60</b>	<b>0.52</b>

B. Public Shareholding									
(1) Institutions									
a) Mutual Funds/ UTI	-	-	-	-	-	-	-	-	-
b) Venture Capital Funds	-	-	-	-	-	-	-	-	-
c) Alternate Investment Funds	-	-	-	-	464353	-	464353	0.54	0.54
d) Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-
e) Foreign Portfolio Investor	17990325	-	17990325	21.22	16290467	-	16290467	18.95	(2.27)
f) Financial Institutions / Banks	-	-	-	-	-	-	-	-	-
g) Insurance Companies	-	-	-	-	-	-	-	-	-
h) Provident Funds/ Pension Funds	-	-	-	-	-	-	-	-	-
i) Central Govt../ State Govt. (s)	-	-	-	-	-	-	-	-	-
k) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):	<b>17990325</b>	-	<b>17990325</b>	<b>21.22</b>	<b>16754820</b>	-	<b>16754820</b>	<b>19.49</b>	<b>(1.73)</b>
					-	-	-	-	-

(2) Non-Institutions									
a) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	761260	54200	815460	0.96	844842	51100	895942	1.04	0.08
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	1979380	-	1979380	2.33	2913076	-	2913076	3.38	1.05
b) NBFCs registered with RBI	2000	-	2000	0.00	-	-	-	-	0.00
c) Overseas Depositors(holding DRs) (balancing figure)	-	-	-	-	-	-	-	-	
c) Others (specify)	-	-	-	-	-	-			
Hindu Undivided Family	154368	-	154368	0.18	121336	-	121336	0.14	(0.04)
Foreign Companies	25063683	-	25063683	29.56	24929425	-	24929425	28.99	(0.57)
Non Resident Indians (Non	1188850	-	1188850	1.38	1863904	-	1863904	2.16	0.78



Repat)									
Non Resident Indians (Repat)	9214	3500	12714	0.01	59110	2500	61610	0.07	0.05
Clearing Member	67653	-	67653	0.08	9000	-	9000	0.01	(0.07)
Bodies Corporate	3514025	1600	3515625	4.15	3525664	1600	3527264	4.10	(0.05)
Sub-total(B)(2) :	<b>32740433</b>	<b>59300</b>	<b>32799733</b>	<b>38.69</b>	<b>34266357</b>	<b>55200</b>	<b>34321557</b>	<b>39.92</b>	<b>1.21</b>
Total Public Shareholding (B)=(B)(1) +(B)(2)	<b>50730758</b>	<b>59300</b>	<b>50790058</b>	<b>59.92</b>	<b>51021177</b>	<b>55200</b>	<b>51076377</b>	<b>59.40</b>	<b>(0.52)</b>
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
D. Trusts	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C+D)	<b>84707583</b>	<b>59300</b>	<b>84766883</b>	<b>100</b>	<b>85930275</b>	<b>55200</b>	<b>85985475</b>	<b>100</b>	<b>-</b>

**ii. SHAREHOLDING OF PROMOTERS:**

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
1.	Information Interface	33702594	39.76	0			0	0.29

	India Private Limited				34435567	40.05		
2.	Amit Rajpal	274231	0.32	0	473531	0.55	0	0.23
	Total	33521995	40.08	0	34909098	40.60	0	0.52

iii. **CHANGE IN PROMOTERS' SHAREHOLDING:**

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	Information Interface India Private Limited				
	At the beginning of the year	33702594	39.20	-	-
	Purchase on 02.04.2019	250	0.00	33702844	39.20
	Purchase on 03.04.2019	1,000	0.00	33703844	39.20
	Purchase on 27.05.2019	4,562	0.00	33708406	39.20
	Purchase on 28.05.2019	121	0.00	33708527	39.20
	Purchase on 30.05.2019	36	0.00	33708563	39.20
	Purchase on 31.05.2019	1,282	0.00	33709845	39.20
	Purchase on 03.06.2019	2,290	0.01	33712135	39.21
	Purchase on 04.06.2019	2,800	0.00	33714935	39.21
	Purchase on 06.06.2019	5,000	0.01	33719935	39.22
	Purchase on 07.06.2019	5,000	0.00	33724935	39.22
	Purchase on 10.06.2019	5,000	0.01	33729935	39.23
	Purchase on 11.06.2019	5,000	0.00	33734935	39.23
	Purchase on 12.06.2019	145	0.00	33735080	39.23
	Purchase on 13.06.2019	700	0.00	33735780	39.23
	Purchase on 14.06.2019	1,000	0.01	33736780	39.24

	Purchase on 17.06.2019	1,400	0.00	33738180	39.24
	Purchase on 18.06.2019	2,000	0.00	33740180	39.24
	Purchase on 19.06.2019	10,000	0.01	33750180	39.25
	Purchase on 20.06.2019	1,800	0.00	33751980	39.25
	Purchase on 21.06.2019	2,500	0.01	33754480	39.26
	Purchase on 24.06.2019	3,000	0.00	33757480	39.26
	Purchase on 25.06.2019	5,000	0.01	33762480	39.27
	Purchase on 26.06.2019	5,000	0.00	33767480	39.27
	Purchase on 27.06.2019	7,282	0.01	33774762	39.28
	Purchase on 28.06.2019	10,000	0.01	33784762	39.29
	Purchase on 16.08.2019	10,000	0.01	33794762	39.30
	Purchase on 19.08.2019	6,000	0.01	33800762	39.31
	Purchase on 20.08.2019	2,356	0.00	33803118	39.31
	Purchase on 21.08.2019	1,900	0.00	33805018	39.31
	Purchase on 22.08.2019	7,517	0.01	33812535	39.32
	Purchase on 23.08.2019	2,102	0.01	33814637	39.33
	Purchase on 26.08.2019	4,520	0.00	33819157	39.33
	Purchase on 28.08.2019	1,000	0.00	33820157	39.33
	Purchase on 04.09.2019	5,515	0.01	33825672	39.34
	Purchase on 05.09.2019	1,193	0.00	33826865	39.34
	Purchase on 06.09.2019	9,801	0.01	33836666	39.35
	Purchase on 09.09.2019	400	0.00	33837066	39.35
	Purchase on 11.09.2019	10,000	0.01	33847066	39.36
	Purchase on 12.09.2019	10,000	0.02	33857066	39.38
	Purchase on 13.09.2019	952	0.00	33858018	39.38
	Purchase on 16.09.2019	158	0.00	33858176	39.38
	Purchase on 17.09.2019	2,391	0.00	33860567	39.38

	Purchase on 26.09.2019	420,000	0.49	34280567	39.87
	Purchase on 27.09.2019	155000	0.18	34435567	40.05
	At the End of the year	-	-	34,435,567	40.05
2	Amit Vijay Rajpal				
	At the beginning of the year	274231	0.32	-	-
	Purchase on 27.09.2019	179000	0.21	453231	0.53
	Purchase on 30.09.2019	20300	0.02	473531	0.55
	At the End of the year	-	-	473531	0.55

**iv. SHAREHOLDING PATTERN OF TOP TEN SHAREHOLDERS (OTHER THAN DIRECTORS, PROMOTERS AND HOLDERS OF GDRS AND ADRS): -**

Sr. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
<b>1.</b>	<b>STRATEGIC INDIA EQUITY FUND</b>				
	At the beginning of the year	12894183	15.00	-	-
	Sold during the year	134258	(0.16)	12759925	14.84
	At the End of the year	12759925	14.84	-	-
<b>2.</b>	<b>WF ASIAN RECONNAISSANCE FUND LIMITED</b>				
	At the beginning of the year	12169500	14.15	-	-
	At the End of the year	12169500	14.15	-	-
<b>3.</b>	<b>VIKASA INDIA EIF I FUND</b>				
	At the beginning of the year	7325450	8.52	-	-
	Sold during the year	205383	(0.24)	7120067	8.28

	At the End of the year	7120067	8.28	-	-
<b>4.</b>	<b>CARMIGNAC PORTFOLIO</b>				
	At the beginning of the year	6405000	7.45	-	-
	At the End of the year	6405000	7.45	-	-
<b>5.</b>	<b>ALCHEMY INDIA LONG TERM FUND LIMITED</b>				
	At the beginning of the year	4259875	4.95	-	-
	Sold during the year	1494475	(1.73)	2765400	3.22
	At the End of the year	2765400	3.22		
<b>6.</b>	<b>ALCHEMY CAPITAL MANAGEMENT PVT LTD</b>				
	At the beginning of the year	1922000	2.24	-	-
	At the End of the year	1922000	2.24	-	-
<b>7.</b>	<b>LUCKY INVESTMENT MANAGERS PRIVATE LIMITED</b>				
	At the beginning of the year	1281000	1.49	-	
	At the End of the year	1281000	1.49	-	-
<b>8.</b>	<b>ANIL BANG</b>				
	At the beginning of the year	600000	0.70	-	-
	Allotment on 19.08.2019	350817	0.41	950817	1.11
	At the End of the year	950817	1.11	-	-
<b>9.</b>	<b>AKASH PREM PRAKASH</b>				
	At the beginning of the year	768600	0.89	-	-
	At the End of the year	768600	0.89	-	-
<b>10.</b>	<b>NEPEAN LONG TERM OPPORTUNITIES FUND</b>				
	At the beginning of the year	-		-	-
	Addition	464353	0.54		
	At the End of the year	464353	0.54	-	-

**v. SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:**

SR. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
<b>1.</b>	<b>Mr. Kapil Kapoor</b>				
	At the beginning of the year	320250	0.37	-	-
	Purchase of shares from Open Market on January 28, 2020	169802	0.20	490052	0.57
	At the End of the year	490052	0.57	-	-
<b>2.</b>	<b>Mr. Makarand Ram Patankar</b>				
	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc)	-	-	-	-
	At the End of the year	-	-	-	-
<b>3.</b>	<b>Mr. Amit Vijay Rajpal</b>				
	At the beginning of the year	274271	0.32	-	-
	Purchase of shares from Open Market on September 27, 2019	179000	0.21	453231	0.53
	Purchase of shares from Open Market on September 30, 2019	20300	0.02	473531	0.55
	At the End of the year	473531	0.55	-	-
<b>4.</b>	<b>Ms. Sucheta Dalal*</b>				
	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc)	-	-	-	-
	At the End of the year	-	-	-	-
<b>5.</b>	<b>Ms. Sutapa Banerjee</b>				



	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc)	-	-	-	-
	At the End of the year	-	-	-	-
<b>6.</b>	<b>Mr. Eric Wetlaufer</b>				
	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc)	-	-	-	-
	At the End of the year	-	-	-	-
<b>7.</b>	<b>Mr. Mandar Godbole^</b>				
	At the beginning of the year	-	-	-	-
	Purchase of shares from Open Market on September 28, 2019	16	0.00	-	-
	Purchase of shares from Open Market on October 18, 2019	36	0.00	52	0.00
	At the End of the year	52	0.00	-	-
<b>8.</b>	<b>Mr. Sandeep Akolkar@</b>				
	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc)	-	-	-	-
	At the End of the year	-	-	-	-
<b>9</b>	<b>Mr. Rumi Dugar#</b>				
	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus /	-	-	-	-

	sweat equity etc)				
	At the End of the year	-	-	-	-
<b>10</b>	<b>Mrs. Subhasri Sriram**</b>				
	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc)	-	-	-	-
	At the End of the year	-	-	-	-

\*Resigned w.e.f. November 06, 2019

^ Resigned w.e.f. December 22, 2019

\*\*Appointed w.e.f. January 23, 2020

@Resigned w.e.f. January 31, 2020

#Appointed w.e.f. February 01, 2020

#### **V. INDEBTEDNESS:**

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

	<b>Secured Loans excluding deposits</b>	<b>Unsecured Loans</b>	<b>Deposits</b>	<b>Total Indebtedness</b>
Indebtedness at the beginning of the financial year				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	-	-	-	-
Change in Indebtedness during the financial year				
Addition	-	-	-	-
Reduction	-			
Net Change	-			

Indebtedness at the end of the financial year				
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)				

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

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

Sl. No.	Particulars of Remuneration	Name of MD/Manager/WTM	Total Amount
		Mr. Makarand Patankar <sup>#</sup>	
1.	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	30,00,000	30,00,000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-
2.	Stock Option	-	-
3.	Sweat Equity	-	-
4.	Commission		
	- as % of profit	-	-
	- others, specify	-	-
5.	Others, please specify (Performance Incentives)	-	-
	Total (A)	30,00,000	30,00,000
	Ceiling as per the Act	Rs. 84,00,000 as on Financial Year ended March 31, 2020 (Being specified under Part II of Schedule V of the Companies Act, 2013 in case of Company having no or inadequate profits)	

**B. REMUNERATION TO OTHER DIRECTORS:**

Sl. No.	Particulars of Remuneration	Name of Directors					Total Amount
		Kapil Kapoor	Sucheta Dalal* (resigned w.e.f. November 06, 2019)	Sutapa Banerjee	Eric Wetlaufer	Subhasri Sriram (appointed w.e.f. January 23, 2020)	
1.	Independent Directors						
	Sitting Fee for attending Board meeting	3,00,000	1,00,000	300,000	300,000	50000	10,50,000
	Committee meetings*	2,50,000	150,000	3,25,000	150,000	25,000	9,00,000
	General Meeting	-	50,000	50,000	-	-	1,00,000
	Commission	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-
	Total (1)						20,50,000
2.	Other Non-Executive Directors	Amit Vijay Rajpal					
	Fee for attending board	-	-	-	-		-
	Committee meetings	-	-	-	-		-
	Commission	-	-	-	-		-
	Others, please specify	-	-	-	-		-
	Total (2)	-	-	-	-		-
	Total (B)=(1+2)						20,50,000
	Ceiling as per the Act			Rs. 100,000 is the ceiling amount on the sitting fees for Directors.  Your Company pays Rs. 50,000 and Rs. 25,000 for Board (including General Meeting) and Committee Meetings respectively			
	Total Managerial Remuneration	-	-	-	-	-	50,50,000

	(A+B)						
	Overall Ceiling as per the Act			Rs. 84 Lakhs is the maximum limit which a Company can pay as managerial remuneration in case of inadequate or negative profits as specified under Part II of Schedule V of the Companies Act, 2013			

**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD:**

Sl. No.	Particulars of Remuneration				
		Company Secretary	CFO		Total
1	Gross salary	Mandar Godbole	Sandeep Akolkar #	Rumit Dugar®	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1401395	4166670	5586023	11154088
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income tax Act, 1961	-	-	-	
2	Stock Option	-	-	-	
3	Sweat Equity	-	-	-	-
4	Commission				
	- as % of profit	-	-	-	-
	- others, specify	-	-	-	-
5	Others, please specify	-	-	-	-
	Total	1401395	4166670	5586023	11154088

# Resigned w.e.f. January 31, 2020

@Appointed w.e.f. February 01, 2020

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

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

**For and on behalf of the Board of Directors**  
**Niyogin Fintech Limited**

**Amit Rajpal**  
**DIN: 07557866**  
Date: July 23, 2020  
Place: Hong Kong



**Form No. MR-3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED MARCH 31, 2020**

[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]

**SECRETARIAL AUDIT REPORT**

To,  
The Members,  
**NIYOGIN FINTECH LIMITED**  
MIG 944, Ground Floor, TNHB Colony,  
1st Main Road, Velachery,  
Chennai, Tamil Nadu-600042

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **NIYOGIN FINTECH LIMITED** (hereinafter called “**the Company**”) CIN: L65910TN1988PLC131102 and its Registered Office at MIG 944, Ground Floor, TNHB Colony, 1st Main Road, Velachery, Chennai, Tamil Nadu-600042. The Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my 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, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on **March 31, 2020** 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:

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

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 (‘SCRA’) and the rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- 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;

- 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, 2018 and amendments from time to time;
- d. The Securities and Exchange Board of India (Share Based Employees Benefit) Regulation, 2014;
- e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (There were no events requiring compliance during the audit period)
- 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; (There were no events requiring compliance during the audit period)
- g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (There were no events requiring compliance during the audit period)
- h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; (There were no events requiring compliance during the audit period);
- i. The Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulation, 2013; (There were no events requiring compliance during the audit period)
- j. The Securities and Exchange Board of India (Depository and Participants) Regulations 2018;
- k. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements Regulations, 2015;

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

- i. Secretarial Standards with regard to Meeting of the Board of Directors (SS - 1) and General Meeting (SS - 2) issued by The Institute of Company Secretaries of India.
- ii. The Listing Agreements entered into by the Company with Stock Exchange(s), if applicable and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.;

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

#### **I further report that**

- The Board of Directors of the Company was 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 was 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 for meaningful participation in the meeting.
- The decisions of the Board Meetings were carried out with requisite majority.

I 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.

- As informed, the Company has responded appropriately to notices received from various statutory / regulatory authorities including actions for corrective measures, wherever found necessary.

I further report that during the audit period the Company had following events which had a bearing on the affairs of the Company in pursuance of the above referred laws, rules, regulations, guidelines, standards etc.

**1. Shifting of Registered Office of the Company:**

Approval from the Regional Director for change in the registered office of the company from Maharashtra to Tamil Nadu and subsequently place of keeping books of accounts was changed from the Registered Office Chennai, Tamil Nadu to Corporate Office at Mumbai, Maharashtra.

**2. Issuance of Shares to its subsidiary in lieu of acquiring the shares of its subsidiary:**

The Company has issued 1,143,277 equity shares to the shareholders of InvestDirect Capital Services Private Limited (hereinafter referred to as 'InvestDirect') on February 11, 2019 in lieu of acquisition of shares of InvestDirect Capital Services Private Limited. The said issuance was approved by the shareholders vide postal ballot result declared on March 27, 2019. On August 05, 2019 SEBI accorded approval to MoneyMap Investment Advisors Private Limited (subsidiary of InvestDirect Capital Services Private Limited). Subsequently Board allotted 1,142,895 shares to InvestDirect at value of Rs. 536 lacs on August 19, 2019. Subsequent to this transaction InvestDirect became the subsidiary of the Company on August 19, 2019.

**3. Issuance of ESOP- 2019:**

The Company approved issuance of Employees Stock Option Scheme as "Niyogin Employee Stock Option Plan-2019" for the employees of its subsidiaries.

**4. Allotment of ESOP-2018:**

During the year under review the company has allotted stock options under NFL- Employees Stock Option Plan 2018 to its employees.

**5. In-principle approval draft scheme of Amalgamation with its Holding Company:**

The Company approved the draft scheme of amalgamation providing amalgamation of Holding Company Information Interface India Private Limited ('The Transferor Company') with Niyogin Fintech Limited ('The Transferee Company') and their respective shareholders and creditors at its Board Meeting held on 16<sup>th</sup> December, 2019. The said scheme is subject to the approval of various regulatory authorities.

**6. Allotment of Compulsorily Convertible Preference Shares to the Company by its subsidiary:**

The Company has been allotted Non-Cumulative Compulsorily Convertible Preference Shares by InvestDirect Capital Services Private Limited

**For Mitesh J. Shah & Associates**  
**Company Secretaries**

**Mitesh Shah**  
**Proprietor**

**FCS No.: 10070**  
**C. P. No.: 12891**

Date: July 23, 2020  
Place: Mumbai  
UDIN: F010070B000489076

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,  
**NIYOGIN FINTECH LIMITED**  
MIG 944, Ground Floor, TNHB Colony,  
1st Main Road Velachery,  
Chennai, Tamil Nadu-600042

My report of even dated is to be read along with this letter:

**Management's Responsibility Statement**

- i. Maintenance of secretarial records is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.

**Auditor's Responsibility Statement**

- ii. I have followed the audit practices and processes as were appropriate to obtain responsible assurance about the correctness of the contents of secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices that I follow provide a responsible basis for my opinion.
- iii. I have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
- iv. Wherever required, I have obtained the management representation about the compliance of laws, rules and regulations and happening of events etc.

**Disclaimer**

- v. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to verification of procedures on test basis.
- vi. In view of the ongoing lockdown due to COVID - 19 pandemic, we were unable to physically verify certain data, documents and records of the Company. However, we have used appropriate information technology tools and methods to access the relevant data, documents and records of the Company to complete our audit.
- vii. The secretarial audit report is neither an assurance as to the future viability of the Company nor the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**For Mitesh J. Shah & Associates**  
**Company Secretaries**

**Mitesh Shah**  
**Proprietor**

**FCS No.: 10070**  
**C. P. No.: 12891**

Date: July 23, 2020  
Place: Mumbai  
UDIN: F010070B000489076

**STATEMENT CONTAINING SALIENT FEATURES OF THE FINANCIAL STATEMENT OF  
SUBSIDIARIES**

**Form AOC-1**

*(Pursuant to first proviso to sub-section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014)*

**Part "A": Subsidiaries**

(Information in respect of each subsidiary to be presented with amounts in Rs.)

Sr. No.	Particulars	(in Rs.)	(in Rs.)
1.	Name of the Subsidiary	<b>Investdirect Capital Services Private Limited (Investdirect)</b>	<b>Monemap Investment Advisors Private Limited</b>
2.	The date since when subsidiary was acquired	19.08.2019	19.08.2019
3.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Similar to the Company	
4.	Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries.	NA	NA
5.	<b>Share capital</b>		
	Authorized Capital	30,00,000	3,00,00,000
	Issued, Subscribed and paid-up	29,96,130	3,00,00,000
6.	Reserves & surplus	31,764,186	(24,203,167)
7.	Total assets	40,921,620	7,947,353
8.	Total Liabilities	6,161,304	2,150,520
9.	Investments	35,917,448	1,016,286
10.	Turnover	3,066,641	1,158,386

11.	Profit before taxation	(5,713,858)	(2,625,413)
12.	Provision for taxation	-	-
13.	Profit after taxation	(5,713,858)	(2,625,413)
14.	Proposed Dividend	-	-
15.	% of shareholding	50.01	100% subsidiary of Investdirect

*Note: The figures considered are from the date of acquisition as taken in consolidation wherever applicable.*

- Names of subsidiaries which are yet to commence operations: NA
- Names of subsidiaries which have been liquidated or sold during the year: NA

### **Part “B”: Associates and Joint Ventures – Not Applicable**

Sr. No.	Name of Associates or Joint Ventures	Name 1
1	Latest audited Balance Sheet Date	-
2	Date on which the Associate or Joint Venture was associated or acquired	-
3	Shares of Associate or Joint Ventures held by the company on the year end	
	(i) No.	-
	(ii) Amount of Investment in Associates or Joint Venture	-
	(iii) Extent of Holding (in percentage)	-
4	Description of how there is significant influence	-
5	Reason why the associate/joint venture is not consolidated	-
6	Networth attributable to shareholding as per latest audited Balance Sheet	-
7	Profit or Loss for the year	-
	(i) Considered in Consolidation	-
	(ii) Not Considered in Consolidation	-

- Names of associates or joint ventures which are yet to commence operations: NA
- Names of associates or joint ventures which have been liquidated or sold during the year: NA



## BUSINESS RESPONSIBILITY REPORT

The Directors present the Business Responsibility Report of the Company for the financial year ended on March 31, 2020, pursuant to Regulation 34(2) (f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

### SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

Corporate Identity Number (CIN) of the Company	L65910TN1988PLC131102
Name of the Company	NIYOGIN FINTECH LIMITED
Registered address	MIG 944, Ground Floor, TNHB Colony, 1st Main Road Velachery Chennai TN 600042
Website	www.niyogin.com
E-mail id	niyogin.compliance@niyogin.in
Financial Year reported	April 01, 2019 - March 31, 2020
Sector(s) that the Company is engaged in (industrial activity code-wise)	NIC code of the products/ services: 64990  The Company holds a certificate of registration having registration no. B – 13.02061 issued by the Reserve Bank of India to carry on the activities of a non-banking financial company
List three key products/services that the Company manufactures/provides (as in balance sheet)	Unsecured Business Loans
Total number of locations where business activity is undertaken by the Company	Gujarat, Rajasthan, Maharashtra, Tamil Nadu, Karnataka, Delhi - NCR
Markets served by the Company- Local /State /National /International	Local, State and National

### SECTION B: FINANCIAL DETAILS OF THE COMPANY

Paid up Capital (INR)	859854750
Total Turnover (INR)	2762.55 lakhs (on a consolidated basis: 2804.82 lakhs)
Total Loss after taxes (INR)	2317.36 lakhs (on a consolidated basis: 2439.82 lakhs)
Total Spending on Corporate Social Responsibility	Not applicable

(CSR) as percentage of profit after tax (%)	
List of activities in which expenditure as mentioned above has been incurred	Not applicable

#### SECTION C: OTHER DETAILS

Does the Company have any Subsidiary Company/ Companies?	Yes Please refer Directors Report for details of Subsidiary Companies
Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)	No
Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]	All material outsourcing and vendor contracts have to agree to and abide by an Anti-Corruption and Anti- Bribery clause in the agreement with the Company. They are all required to be compliant with applicable law in their business dealings.

#### SECTION D: BR INFORMATION

- Details of Director/Directors responsible for BR  
Details of the Director/Director responsible for implementation of the BR policy /policies
  - DIN Number - 01584128
  - Name - Makarand Patankar
  - Designation - Whole- Time Director
  - Details of the BR head

No.	Particulars	Details
1	DIN Number (if applicable)	07557866
2	Name	Amit Rajpal
3	Designation	Non-Executive Director and Chairman
4	Telephone number	022 62514646
5	e-mail id	niyogin.compliance@niyogin.in

## 2. Principle-wise (as per NVGs) BR Policy/policies

### (a) Details of compliance (Reply in Y/N)

No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1	Do you have a policy/ policies for	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	Does the policy conform to any national / international standards? If yes, specify? (50 words)	Y	Y	Y	Y	Y	Y	Y	Y	Y
4	Has the policy being approved by the Board? Is yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6	Indicate the link for the policy to be viewed online?	(i) <a href="https://www.niyogin.com/investors/corporate-governance/codes-and-policies/code-of-conduct-for-management-and-senior-employees.pdf">https://www.niyogin.com/investors/corporate-governance/codes-and-policies/code-of-conduct-for-management-and-senior-employees.pdf</a> (ii) <a href="https://www.niyogin.com/investors/corporate-governance/codes-and-policies/policy-on-vigil-mechanism.pdf">https://www.niyogin.com/investors/corporate-governance/codes-and-policies/policy-on-vigil-mechanism.pdf</a> (iii) <a href="https://www.niyogin.com/investors/corporate-governance/codes-and-policies/fair-practice-code-policy.pdf">https://www.niyogin.com/investors/corporate-governance/codes-and-policies/fair-practice-code-policy.pdf</a>  Note: The remaining policies of the Company are internal documents and are not accessible to the public								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y

8	Does the company have in-house structure to implement the policy / policies.	Y	Y	Y	Y	Y	Y	Y	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	N	N	N	N	N	N	N	N	N

(b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options) - **Not Applicable**

No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1	The company has not understood the Principles	-	-	-	-	-	-	-	-	-
2	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles	-	-	-	-	-	-	-	-	-
3	The company does not have financial or manpower resources available for the	-	-	-	-	-	-	-	-	-
4	It is planned to be done within next 6 months	-	-	-	-	-	-	-	-	-
5	It is planned to be done within the next 1 year	-	-	-	-	-	-	-	-	-
6	Any other reason (please specify)	-	-	-	-	-	-	-	-	-

### 3. Governance related to BR

- Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company.  
The Board/Committee will review the BR performance at least annually.
- Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?  
Yes, the BRR 2020 is part of the Annual Report, which is also available on the website of the Company [www.niyogin.com](http://www.niyogin.com)

## SECTION E: PRINCIPLE-WISE PERFORMANCE

### Principle 1: Ethics, Transparency and Accountability

Our philosophy on Corporate Governance, inter alia, is aimed at enhancing long term shareholder value, achieving transparency and professionalism in all decisions and activities of the Company and achieving excellence in corporate governance. The Company and its subsidiaries have developed good governance structure for the organization and formulated procedures and practices that ensure ethical conduct at all levels of the organization. We continuously review and upgrade the procedures and practices. We maintain transparency in our communication with our investors. We have put in place a mechanism for resolution of their grievances. We have Whistle Blower Policy/Vigil Mechanism in place. We do not engage in any practice that is abusive, corrupt or anti-competition. We have avoided complicity with actions of third party that violates Business Responsibility Principles. All members of the Board of Directors and Senior Management Personnel affirm compliance with the Code of Conduct on an annual basis.

We conducted programs to familiarize the directors with changes in regulatory and business environment. We have deployed the practice of separating the roles of the Chairman of the Board and the Executive Director to ensure the right focus to governance. The Chairman of the Board is Non-executive Non-Independent Director. Our Directors have reviewed its own performance, the performance of Individual Directors, functioning of the Board and its Committees, based on the criteria formulated by the Nomination and Remuneration Committee. During the process, the Board also reviewed the Corporate Governance Practices, ethical standards in the Company.

1. Does the policy relating to ethics, bribery and corruption cover only the Company? Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs /Others?
  - Yes. It extends to the subsidiaries of the Company.
2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.
  - During the year, there was only 1 (one) complaint was received through whistleblower mechanism and the same was satisfactorily resolved by the management.

### Principle 2: Sustainable Products and Services

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.
  - **Unsecured loan to MSME:** Providing unsecured loan to the MSME helps them with financing their small businesses and creates employment opportunities.
  - **Digital 2.0:** Digitisation at the Company has largely helped reduce paper consumption. The Company has embarked on its Digital journey that will bring about cost and process efficiency through automation and reduction in paper consumption.
2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product(optional):
  - Not applicable

3. Does the company have procedures in place for sustainable sourcing (including transportation)?
  - Being in the Financial Services sector, material purchase for operations is not significant except for paper. For procurement of equipment, the Company ensures that energy efficiency standards are considered during the purchase of electronic equipment such as computers, laptops, lighting devices, ACs etc. The Company is also working with its hardware equipment suppliers to ensure that they follow energy efficiency norms.
4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?
  - Procurement of products and services from local suppliers is given preference by the Company, while taking their relevant geography and footprint into consideration.
5. If yes, what steps have been taken to improve their capacity and capability of local and small vendors?
  - No. This is not applicable to the type of suppliers the Company engages with.
6. Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.
  - The Company has limited scope for using recycled material as processed inputs. The waste generated by the Company is primarily e-waste (for e.g. computers, monitors, modems, switches, laptops, scanners, routers, printers, and UPS systems) and the Company takes utmost care while disposing of these wastes.

### Principle 3: Employee Well Being

1. Please indicate the Total number of employees.
  - The total number of employees of the Company is 102 as on March 31, 2020.
2. Please indicate the Total number of employees hired on temporary/contractual/casual basis.
  - The total number employees hired on temporary/contractual/casual basis is 40.
3. Please indicate the Number of permanent women employees.
  - The total number of permanent women employees is 19 as on March 31, 2020.
4. Please indicate the Number of permanent employees with disabilities.
  - Niyogin is a fair employer and does not discriminate amongst its employees. Therefore, the Company does not track this information.
5. Do you have an employee association that is recognized by management?
  - No
6. What percentage of your permanent employees is members of this recognized employee association?
  - Not applicable

7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.
- No such complaints were received by the Company during the year.

No.	Category	No. of complaints filed during the	No. of complaints pending as on end of
1	Child labour/forced labour/involuntary labour	NIL	N.A
2	Sexual harassment	NIL	N.A
3	Discriminatory employment	NIL	N.A

There is an internal complaints committee at the Company, to address any cases related to sexual harassment at the Company.

8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?
- 35% to 55% of the Company's employees have been covered through the Company's extensive set of training programmes delivered through classroom or e-learning modules in FY 2019-20.

#### Principle 4: Valuing Marginalised Stakeholders

- Has the company mapped its internal and external stakeholders?
  - Yes, as a result of regular and extensive stakeholder engagement over many years, the Company's business operations have evolved, balancing business priorities and responsibility towards economic, environmental and social sustainability. The Company builds trust through productive relationships, fosters working partnerships and considers stakeholders both internal and external as integral to its business.
- Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders.
  - Yes. The Company has identified women, people with disabilities, children, youth, MSME sector, as its disadvantaged, vulnerable and marginalized stakeholders.
- Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.
  - The Company evaluates on the basis of the various factors/ data available with the Company, and takes initiatives on a case-to-case basis based on the merits of each case.

#### Principle 5: Human Rights

As a good corporate citizen we respect the human rights of those who we engage with. We pay fair wages to our employees and do not discriminate between male and female employees. They are treated equally with dignity and are given equal opportunities, rights and benefits. We comply and adhere to all the human rights laws and guidelines. We strive to percolate these values at all levels in the organization.



1. Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?
  - The Policy covers the Company and all subsidiaries.
2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?
  - During the year 2020, the Company did not receive any complaints with regards to human rights.

#### Principle 6: Environment

1. Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others.
  - No, it's applicability is limited only to Niyogin and does not extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others.
2. Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.
  - The Company realizes the importance of environmental issues such as climate change, global warming and the impact it has on business in the long term. In this regard, the Company has been measuring, verifying and disclosing its carbon footprint. Our objective is to achieve highest level of paperless office by adopting practices, methods and modern techniques in our internal and external communication with all stakeholders.
3. Does the company identify and assess potential environmental risks? Y/N
  - Yes
4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?
  - No
5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.
  - Yes. Niyogin continues to undertake small steps towards energy efficiency such as:
    - Occupancy sensors are being installed in the washrooms.
    - LED lights are being installed in place of conventional CFL/Fluorescent fittings.
6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?
  - Not Applicable
7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.
  - None

## Principle 7: Policy Advocacy

1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:
  - The Company is actively involved in consultation/discussion forums with other bodies like Digital Lenders Association of India (DLAI) in the non-banking industry, but it has not lobbied through any association.
2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas ( drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)
  - No

## Principle 8: Inclusive Growth

1. Does the Company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.
  - Yes. The Company is dedicated to the MSME sector and is driving inclusive growth by providing them democratized access to credit.
2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/ government structures/any other organization?
  - No
3. Have you done any impact assessment of your initiative?
  - No
4. What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken.
  - Refer Annual Report (CSR)
5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.
  - No

## Principle 9: Customer Welfare

1. What percentage of customer complaints/consumer cases are pending as on the end of financial year.
  - During the FY 2019- 2020, the Company has no pending consumer complaints.
2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. /Remarks (additional information)
  - The Company displays the details of its financial products on the website. It also has presence on various social media platforms such as Facebook and whatsapp to display the features of the products and services offered. The Company ensures customers are empowered to make

informed choices by providing details of the products and services in a transparent manner. It has also taken up multiple initiatives to improve customer awareness and financial literacy. The Company also strives to ensure customer data privacy and security through robust information security systems.

3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.
  - The Company have not received any stakeholder complaints during the FY 2019-20 with regard to unethical or unfair trade practices, irresponsible advertising and/or anti-competitive behaviour.
4. Did your company carry out any consumer survey/ consumer satisfaction trends?
  - The Company conducts regular surveys to measure and analyse the satisfaction levels of customers with respect to its products and services. Customer Satisfaction surveys are conducted periodically throughout the year through SMS, email and phone call with customers to understand their level of satisfaction with the product and services rendered through our NRMs and partnership channels. The feedback received from different channels is collated and shared with respective product and strategy teams who in turn work to incorporate these suggestions / changes in the newer roll out of product versions.

## REPORT ON CORPORATE GOVERNANCE

### 1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

The Company's philosophy on Corporate Governance envisages the adoption of best business policies and alignment of the highest levels of transparency, integrity, honesty, accountability and equity in all facets of its operations and in all its interactions with its stakeholders including shareholders, government and employees.

The Company is committed to best corporate governance practices which stems not only from the letter of law but also from the inherent belief of doing business in the right way. The Company believes that all its actions and operations must serve the underlying goal of enhancing overall shareholder value on a sustained basis. The Company has already put in place systems and procedures and has complied with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

### 2. BOARD OF DIRECTORS:

#### A. BOARD COMPOSITION:

The Company has an optimum combination of Executive and Non-Executive Directors in conformity with Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, to maintain the independence of the Board and to separate the Board functions of governance and management.

None of the Independent Directors have any material pecuniary relationship or transactions with the Company.

As on March 31, 2020, the Board comprised of a Chairman (Non-Executive Non-Independent Director), 1 (One) Whole-Time Director and 4 (four) Non-Executive Independent Directors including 2 Women Directors. All the members of the Board are persons with considerable experience and expertise in industry, finance, management and law.

The Chairman provides leadership to the Board and the Management in strategizing and realizing business objectives. The Independent Directors contribute by giving their valuable guidance and inputs with their independent judgment on the overall business strategies and performance.

None of the Directors on the Board is a Member in more than 10 (ten) Committees and Chairman of more than 5 (five) Committees, in compliance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, across all the Companies in which he / she is Directors as per the disclosures made by all the Directors.

None of the Independent Directors on the Board serve as an Independent Director in more than seven listed companies. The Whole-Time Director does not serve as an Independent Director in more than three listed companies.

#### B. MEETINGS OF THE BOARD:

The Board meets at least once in each quarter inter-alia, to review the quarterly financial results. The gap between two consecutive meetings is less than 120 days. In addition, the Board also meets

whenever necessary. The Board periodically reviews compliance reports of all laws applicable to the Company.

During the year under review the Board met 6 (six) times on the following dates:

Sr. No.	Date	Strength	No. of Directors present
1	May 22, 2019	6	6
2	August 09, 2019	6	6
3	November 13, 2019	5	4
4	December 16, 2019	5	5
5	January 23, 2020	6	5
6	March 31, 2020	6	6

The Company Secretary prepares a detailed agenda and the explanatory notes, in consultation with the Chairman and circulates the same in advance to the Directors. The Directors are also provided with all the material information including minimum information as required under Part A of schedule II of sub regulation 7 of Regulation 17 of SEBI LODR Regulations. Every Director has the right to suggest inclusion of items in the agenda.

The Minutes of the proceedings of the meetings of the Board of Directors are noted and the draft Minutes are circulated amongst the members of the Board for their review. Comments, if any, received from the Directors are also incorporated in the Minutes, in consultation with the Chairman. The Minutes are approved by the members of the Board prior to the next meeting and the signed minutes are noted at the subsequent meeting of the Board of Directors.

#### C. DIRECTORS' ATTENDANCE RECORD & DIRECTORSHIPS HELD:

The names and categories of the Directors on the Board and their attendance at the Board Meetings during the year under review and at the last Annual General Meeting ("AGM") are given below:

Name	Nature of directorship	No. of Board Meetings attended		Attendance at last AGM
		Held during the tenure of Directorship	Attended	
Mr. Amit Rajpal	Non-Executive Non- Independent Director	6	6	Yes
Mr. Makarand	Whole Time Director	6	5	No

Patankar				
Mr. Kapil Kapoor	Independent Director	6	6	No
Ms. Sutapa Banerjee	Independent Director	6	6	Yes
Ms. Subhasri Sriram*	Independent Director	1	1	NA
Mr. Eric Wetlaufer	Independent Director	6	6	No
Ms. Sucheta Dalal**	Independent Director	2	2	Yes

**\*Appointed w.e.f. January 23, 2020**

**\*\*Resigned w.e.f. November 06, 2019**

The details of the number of directorships and committee memberships held by the Board of Directors in other Companies are given below:

Name	No. of directorships in other public companies#	No. of Committee memberships (incl. in the Company)@	
		Membership	Chairmanship
Mr. Amit Rajpal	NIL	1	1
Mr. Makarand Patankar	NIL	2	0
Mr. Kapil Kapoor	2	2	0
Ms. Sutapa Banerjee	7	5	1
Ms. Subhasri Sriram	3	2	0
Mr. Eric Wetlaufer	NIL	1	NIL

# excluding Directorships in Foreign companies, Private Limited companies, companies under Section 8 of the Companies Act, 2013.

@ Memberships include Chairmanships. Only memberships and chairmanship of Audit Committee and Stakeholders' Relationship Committee are considered.

D. There is no relationship between the Directors inter-se.

**E. DETAILS OF SHARES & INSTRUMENTS HELD BY THE NON-EXECUTIVE DIRECTORS:**

<b>Sr. No.</b>	<b>Name</b>	<b>Nature of Directorship</b>	<b>No. of shares held as on March 31, 2020</b>	<b>Type of security</b>
1.	Mr. Amit Rajpal	Non-Executive Director	4,73,531	Equity
2.	Mr. Kapil Kapoor	Independent Director	4,90,052	Equity

**F. FAMILIARIZATION PROGRAMME:**

The Company has in place a familiarization programme for the Independent Directors. The familiarization programme aims to familiarize the Independent Directors with the finance, MSME and non-banking industry scenario, the socio-economic environment in which it operates, the business model, the operational and financial performance of the Company, significant developments so as to enable them to take well informed decisions in a timely manner.

The familiarization programme also seeks to update the Directors on the roles, responsibilities, rights and duties under the Act and other statutes. The policy on Company's familiarization programme for Independent Directors is posted on the Company's website at

<https://www.niyogin.com/investors/corporate-governance/codes-and-policies/niyogin-board-familiarisation-programme.pdf>

**3. BOARD COMMITTEES:**

In compliance with the requirements of the Companies Act, 2013, Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the applicable laws, the Company has the following committees in place: (i) Audit Committee (ii) Stakeholders Relationship Committee (iii) Nomination & Remuneration Committee (iv) Risk Management Committee (v) Corporate Social Responsibility Committee and (vi) Independent Directors Committee.

The Board determines the constitution of the Committees and the terms of reference for Committee Members including their roles and responsibilities.

**A. AUDIT COMMITTEE:**

**Composition, meetings and the attendance during the year:**

The Company has complied with all the requirements of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 (SEBI LODR 2015) relating to the composition of the Audit Committee.

During the year under review, eight (8) Audit Committee meetings were held on April 15, 2019, April 23, 2019, May 22, 2019, August 09, 2019, November 13, 2019, December 16, 2019, January 23, 2020 and March 31, 2020. The gap between two consecutive meetings was less than 120 days.



The details of the composition of the Committee and attendance of the members at the meetings are given below:

Sr. No.	Name	Designation	Category	No. of meetings attended
1	Ms. Sutapa Banerjee	Chairman	Non-Executive Independent Director	8
2	Ms. Subhasri Sriram	Member	Non-Executive Independent Director	1
3	Mr. Makarand Patankar	Member	Whole-time Director	7
4	Mr. Eric Wetlaufer	Member	Non-Executive Independent Director	4
5	Ms. Sucheta Dalal	Member	Non-Executive Independent Director	4
6	Mr. Kapil Kapoor	Member	Non-Executive Independent Director	3

- Ms. Subhasri Sriram- Appointed as member of Audit Committee w.e.f. January 23, 2020
- Mr. Eric Wetlaufer- Appointed as member of Audit Committee w.e.f. November 13, 2019
- Mr. Kapil Kapoor- Appointed as member of Audit Committee w.e.f. November 13, 2019 till January 23, 2020
- Ms. Sucheta Dalal- Resigned as the Director and consequently as the member of Audit Committee w.e.f. November 06, 2019

All the members of the Audit Committee are financially literate and have accounting related financial management expertise.

The Company Secretary acts as the Secretary to the Committee.

The Statutory Auditors, Chief Financial Officer and the Internal Auditors are invitees to the Audit Committee Meetings.

The scope of activities and powers of the Audit Committee are in line with Regulation 18 of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 177 of the Companies Act, 2013.

## Terms of reference:

The terms of reference of the Audit Committee are broadly as follows:

- (a) Overseeing of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- (b) Recommending to the Board the appointment, re-appointment and removal of statutory auditors, cost auditors, branch auditors and fixation of their remuneration.
- (c) Approving the payments to statutory auditors for any other services rendered by them.
- (d) Reviewing with management the annual financial statements and auditor's report before submission to the Board for approval, focusing primarily on:
  - Matters required to be included in the Director's Responsibility for inclusion of the same in the Board Report in terms of clause I of sub-section 3 of Section 134 of the Companies Act, 2013;
  - Any changes in accounting policies and practices and reasons for the same;
  - Major accounting entries involving estimates based on exercise of judgments by management;
  - Qualifications in draft audit report;
  - Significant adjustments made in the financial statements arising out of audit;
  - The going concern assumption;
  - Compliance with accounting standards;
  - Compliance with listing and legal requirements concerning financial statements;
  - All related party transactions i.e., transactions of the Company of material nature, with promoters or the management, their subsidiaries or relatives etc.
- (e) Reviewing with the management, internal financial controls and risk management system.
- (f) Reviewing with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus /notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board.
- (g) Reviewing with the management the quarterly and half-yearly financial results before submission to the Board.
- (h) Reviewing the adequacy of internal audit functions, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- (i) Scrutinizing the inter-corporate loans & investments.
- (j) Discussion with Internal Auditors and the Statutory Auditors on any significant findings and follow up thereon.

- (k) Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- (l) Approval or any subsequent modification of transactions of the Company with related parties.
- (m) To look into reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- (n) Review and monitor the auditor's independence and performance, and effectiveness of audit processes.
- (o) To review the functioning of the Whistle Blower Policy and Vigil mechanism.
- (p) Valuation of undertaking or assets of the Company where ever it is necessary.
- (q) Approval of appointment of Chief Financial Officer (or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate.
- (r) Discussions with the statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- (s) All such other functions as may be specified from time to time.

#### B. STAKEHOLDERS' RELATIONSHIP COMMITTEE:

Composition, meetings and the attendance during the year:

During the year under review, one (1) meeting of the Stakeholders' Relationship Committee was held on May 22, 2019. The said meeting was attended by all the members.

The details of the composition of the Committee and attendance of the members at the meetings are given below:

Sr. No.	Name	Designation	Category	No. of meetings attended
1	Mr. Amit Rajpal	Chairman	Non-Executive Non-Independent Director	NIL
2	Mr. Kapil Kapoor	Member	Non-Executive Independent Director	1

3	Mr. Makarand Patankar	Member	Whole time Director	1
4	Ms. Sucheta Dalal	Chairperson	Non-Executive Independent Director	1

- Mr. Amit Rajpal- Appointed in Stakeholders Relationship Committee w.e.f. November 13, 2019
- Ms. Sucheta Dalal, Non-executive Independent Director – Resigned as the Director and consequently as Chairperson of the Committee w.e.f. November 06, 2019

The Company Secretary acts as Secretary to the Committee.

#### **Terms of reference:**

The role of the committee shall inter-alia include the following:

- (1) Resolving the grievances of the security holders of the listed entity including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.
- (2) Review of measures taken for effective exercise of voting rights by shareholders.
- (3) Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent.
- (4) Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company.

#### **Details of Investor Complaints:**

The Company did not receive any queries / complaints during the year under review.

**Name, Designation and Address of Investor Grievance Redressal Officer:**

**Mr. Runit Dugar**

**Chief Financial Officer**

Niyogin Fintech Limited

Corporate Office: Neelkanth Corporate IT Park, 311/312,  
3rd Floor, Kiroi Road, Vidyavihar (w), Mumbai – 400086

Name, Designation and Address of Compliance Officer:

**Ms. Neha Agarwal**

**Company Secretary & Compliance Officer**

Niyogin Fintech Limited

Corporate Office: Neelkanth Corporate IT Park, 311/312,

3rd Floor, Kiroli Road, Vidyavihar (w), Mumbai – 400086

### C. NOMINATION AND REMUNERATION COMMITTEE:

Composition, meetings and the attendance during the year:

During the year under review, four (4) meetings of the Nomination and Remuneration Committee were held on August 09, 2019, November 13, 2019, December 16, 2019 & January 23, 2020. The said meetings were attended by all the members.

The details of the composition of the Committee and attendance of the members at the meetings are given below:

Sr. No.	Name	Designation	Category	No. of meetings attended
1	Mr. Kapil Kapoor	Chairman	Non-Executive Independent Director	4
2	Mr. Amit Rajpal	Member	Non-Executive Non-Independent Director	4
3	Ms. Sutapa Banerjee	Member	Non-Executive Independent Director	4

The Company Secretary acts as Secretary to the Committee.

Terms of reference:

The role of the Nomination and Remuneration Committee is:

1. formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;
2. formulation of criteria for evaluation of performance of independent directors and the board of directors;
3. devising a policy on diversity of board of directors;

4. identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal.
5. whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
6. recommend to the board, all remuneration, in whatever form, payable to senior management.

## Nomination & Remuneration Policy

The Nomination and Remuneration Policy provides a framework for appointment of Directors, Key Managerial Personnel and Senior Management, their performance evaluation and fixing their remuneration based on their performance. The link to the Nomination and Remuneration policy of the Company on the Company's website is <https://www.niyogin.com/investors/corporate-governance/codes-and-policies/nomination-and-remuneration-policy.pdf>

### Policy for selection and Appointment of Directors and their Remuneration

The Nomination & Remuneration Policy of the Company clearly specifies the following:

- Identification of persons qualified to become Directors or occupy senior management positions
- Fixing Remuneration of the Directors and Key Managerial personnel and Senior management.
- Re-appointment and Evaluation of Directors and Senior Personnel.
- Evaluation of Independent Directors.

### Remuneration

The Non-Executive Directors shall be entitled to receive sitting fees for each meeting of the Board attended by them, of such sum as may be approved by the Board of Directors within the overall limits prescribed under the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and reimbursement of expenses for participation in the Board Meetings.

### Remuneration for the Whole Time Director and Chief Financial Officer (CFO)

At the time of appointment or re-appointment, the CFO & Whole-Time Director shall be paid such remuneration as may be mutually agreed between the Company (which includes the Committee and the Board of Directors) and the CFO & Whole-Time Director within the overall limits prescribed under the Companies Act, 2013.

The Committee shall also take into account the comparative remuneration in the industry, size of the Company and profile of the candidate while deciding the remuneration. The remuneration shall be subject to the approval of the members of the Company in General Meeting, where required.

The remuneration of the CFO and Whole Time Director comprises of fixed and variable component as per the provisions of Companies Act, 2013. The fixed component includes salary, allowances, perquisites, amenities and retiral benefits.

## Remuneration Policy for the Senior Management Employees

In determining the remuneration of the Senior Management Employees, the Committee shall ensure that the relationship of remuneration and performance benchmark is clear.

Details of Remuneration paid to the Executive Director during the year ended March 31, 2020:

Particulars	Amount (in Rs.)
Salary	30,00,000
Perquisites	-
Commission	-
Performance bonus	-
<b>Total</b>	<b>30,00,000</b>

### Service Contract, Severance Fees & Notice Period:

The terms of employment stipulate a notice period of 3 (three) months, for termination of appointment of Chairman & Whole-time Director and Executive Directors, on either side. There is no provision for payment of severance fees.

### Sitting Fees to Non-Executive Independent Directors

Non-Executive Independent Directors of the Company do not draw any remuneration from the Company other than sitting fees for attending Board, General and Committee meetings.

The Company pays Rs. 50,000 for each Board/General Meeting and Rs.25,000 for each Committee Meetings.

Details of sitting fees paid for attending Board and Committee Meetings during the year ended March 31, 2020 are given below:

Name	Sitting Fees			Total
	Board Meetings	Committee Meetings	General Meeting	
Mr. Kapil Kapoor	3,00,000	2,50,000	-	5,50,000
Ms. Sutapa Banerjee	3,00,000	3,25,000	50,000	6,75,000
Ms. Sucheta Dalal*	1,00,000	150,000	50,000	3,00,000
Mr. Eric Wetlaufer	3,00,000	1,50,000	-	4,50,000
Mrs. Subhasri	50,000	25,000	-	75,000



Sriram**				
<b>Total</b>	<b>10,50,000</b>	<b>900,000</b>	<b>1,00,000</b>	<b>20,50,000</b>

\*Resigned w.e.f. November 06, 2019

\*\* Appointed w.e.f. January 23, 2020

#### D. RISK MANAGEMENT COMMITTEE

Composition, meetings and the attendance during the year:

During the year under review, one (1) meeting of the Risk Management Committee was held on January 23, 2020. The said meeting was attended by all the members.

The details of the composition of the Committee and attendance of the members at the meetings are given below:

<b>Sr. No.</b>	<b>Name</b>	<b>Designation</b>	<b>Category</b>	<b>No. of meetings attended</b>
1	Mr. Eric Wetlaufer	Chairman	Non-Executive Independent Director	1
2	Mr. Kapil Kapoor	Member	Non-Executive Independent Director	1
3	Mr. Amit Rajpal	Member	Non-Executive Non-Independent Director	1

The Company Secretary acts as Secretary to the Committee.

#### Purpose of Committee:

The purpose of the Committee of the Board of Directors (the "Board") of Niyogin Fintech Limited (the "Company") shall be to assist the Board in fulfilling its corporate governance oversight responsibilities with regard to the identification, evaluation and mitigation of strategic, operational, financial and external environment risks. The Committee has overall responsibility for monitoring and approving the enterprise risk management framework and associated practices of the Company.

#### Terms of reference:

The role and responsibility of the Committee is:

- (a) The Risk Management Committee shall periodically assess risks for the effective execution of business strategies and review key leading indicators in this regard.

- (b) The Risk Management Committee shall annually review and approve the Enterprise Risk Management Framework of the Company.
- (c) The Risk Management Committee shall periodically review the risk management processes and practices of the Company and ensure that the Company is taking the appropriate measures to achieve prudent balance between risk and reward in both ongoing and new business activities.
- (d) The Risk Management Committee shall evaluate significant risk exposures of the Company and assess management's actions to mitigate the exposures in a timely manner (including one-off initiatives, and ongoing activities such as business continuity planning and disaster recovery planning & testing).
- (e) The Risk Management Committee shall evaluate risks related to cyber security and ensure appropriate procedures are placed to mitigate these risks in a timely manner.
- (f) The Risk Management Committee will coordinate its activities with the Audit Committee in instances where there is any overlap with audit activities (e.g. internal or external audit issue relating to risk management policy or practice).
- (g) The Risk Management Committee may form and delegate authority to sub-committees when appropriate.
- (h) The Risk Management Committee shall make regular reports to the Board, including with respect to risk management and minimization procedures.
- (i) The Risk Management Committee shall review and reassess the adequacy of this Charter periodically and shall have the authority to approve the modifications to the Charter. The Board may review the performance of the Risk Management Committee & any alterations to the Charter of the Committee, periodically.
- (j) The Risk Management Committee shall have access to any internal information necessary to fulfill its oversight role.
- (k) The Risk Management Committee shall also have authority to appoint external legal, accounting or other advisors for obtaining advice and assistances.

The role and responsibilities of the Committee shall include such other items as may be prescribed by any applicable law or the Board or suo motu in compliance with applicable law, from time to time.

#### E. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Composition, meetings and the attendance during the year:

As per the provisions of Section 135 of the Companies Act, 2013, your Company is not required to contribute funds for CSR. Hence, the Company did not have any meetings of the Committee during the year. However, as a part of good corporate governance along with an intent to work for a social cause the Company has constituted a CSR Committee.

The details of the composition of the Committee is given below:

Sr. No.	Name	Designation	Category
1	Mr. Amit Rajpal	Chairman	Non-Executive Non-Independent Director

2	Mr. Eric Wetlaufer	Member	Non-Executive Independent Director
3	Mr. Makarand Patankar	Member	Whole-Time Director

The Company Secretary acts as Secretary to the Committee.

**The role, broad terms and reference of the committee includes the following:**

- Formulate and recommend to the Board, a Corporate Social Responsibility Policy;
- Recommend the amount of expenditure to be incurred on the CSR activities to the Board;
- Monitor the Corporate Social Responsibility Policy of the company from time to time.

**4. COMPANY POLICIES:**

The Company has the following policies in place which can be viewed on the Company's website viz. [www.niyogin.com](http://www.niyogin.com)

Policy on determination of Materiality	<a href="https://www.niyogin.com/investors/corporate-governance/codes-and-policies/policy-on-determination-of-materiality.pdf">https://www.niyogin.com/investors/corporate-governance/codes-and-policies/policy-on-determination-of-materiality.pdf</a>
Policy on preservation of documents	<a href="https://www.niyogin.com/investors/corporate-governance/codes-and-policies/policy-on-preservation-of-documents.pdf">https://www.niyogin.com/investors/corporate-governance/codes-and-policies/policy-on-preservation-of-documents.pdf</a>
Policy on Vigil Mechanism	<a href="https://www.niyogin.com/investors/corporate-governance/codes-and-policies/policy-on-vigil-mechanism.pdf">https://www.niyogin.com/investors/corporate-governance/codes-and-policies/policy-on-vigil-mechanism.pdf</a>
Code of Conduct	<a href="https://www.niyogin.com/investors/corporate-governance/codes-and-policies/code-of-conduct-for-management-and-senior-employees.pdf">https://www.niyogin.com/investors/corporate-governance/codes-and-policies/code-of-conduct-for-management-and-senior-employees.pdf</a>
Related Party Transaction Policy	<a href="https://www.niyogin.com/investors/corporate-governance/codes-and-policies/related-party-transaction-policy.pdf">https://www.niyogin.com/investors/corporate-governance/codes-and-policies/related-party-transaction-policy.pdf</a>
Web Archival Policy	<a href="https://www.niyogin.com/investors/corporate-governance/codes-and-policies/web-archival-policy.pdf">https://www.niyogin.com/investors/corporate-governance/codes-and-policies/web-archival-policy.pdf</a>
Nomination and Remuneration Policy	<a href="https://www.niyogin.com/investors/corporate-governance/codes-and-policies/nomination-and-remuneration-policy.pdf">https://www.niyogin.com/investors/corporate-governance/codes-and-policies/nomination-and-remuneration-policy.pdf</a>
Care & Dignity Policy	<a href="https://www.niyogin.com/investors/corporate-governance/codes-and-policies/niyogin-care-and-dignity-policy.pdf">https://www.niyogin.com/investors/corporate-governance/codes-and-policies/niyogin-care-and-dignity-policy.pdf</a>

## 5. PERFORMANCE EVALUATION OF THE BOARD:

After taking into consideration one to one inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance; pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Committees.

A separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board, who were evaluated on parameters such as level of engagement and contribution, independence.

## 6. MEETING OF THE INDEPENDENT DIRECTORS:

The Independent Directors met on May 22, 2019 and July 23, 2020, inter alia, to discuss:

- (a) Evaluation of the performance of Non-Independent Directors and Board of Directors as a Whole;
- (b) Evaluation of the performance of the Chairman of the Company, taking into account the views of the Executive and Non-executive Directors.
- (c) Evaluation of the quality, quantity, content and timelines of flow of information between the management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

All the Independent Directors were present at the Meeting.

## 7. OTHER INFORMATION:

- (a) Corporate Identity Number allotted to the Company by the Ministry of Corporate Affairs: L65910TN1988PLC131102
- (b) Compliance with the Code of Conduct:

The Company has laid down a Code of Conduct for all Board members and the Senior Management Personnel. The Code of Conduct is available on the Company's website viz., [www.niyogin.com](http://www.niyogin.com). All the Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct. A declaration to this effect signed by the Whole-time Director forms part of this Report.

- (c) General Body Meetings:
  - (i) Location, Date and Time of Annual General Meetings held during the last 3 (three) years:

The Annual General Meetings ("AGM") of the Company in the previous three financial years are enlisted as below:

Financial Year	Date and Time of Meeting	Location
2018-19	Tuesday, September 17, 2019 at 1.00 p.m. onwards	Trident Chennai, 1/24 GST Road, Chennai- 600027
2017-18	Tuesday, September 25, 2018 at 11:00 a.m. onwards	Neelkanth Corporate IT Park, 311/312, 3rd Floor, Kirol Road, Vidyavihar (West), Mumbai – 400086
2016-17	Thursday, September 28, 2017 at 11:00 a.m. onwards	Aqaba Banquet, Level P5, Club House, Peninsula Business Park, Senapati Bapat Marg, Lower Parel, Mumbai-400013

(ii) Special Resolutions passed in the previous three Annual General Meetings:

Financial Year	Subject Matter of Special Resolution
2018-19	-
2017-18	-
2016-17	-

#### 8. OTHER DISCLOSURES:

- (a) During the year under review, the Company has entered into a related party transaction, which was in the normal course of business for which necessary approvals are taken and disclosures are made. The Company has not entered into any materially significant related party transactions i.e., transactions of material nature, with its Promoters, Directors or the Management, their subsidiaries or relatives etc. that may have potential conflict with the interest of the Company at large. However, the Company has annexed to the financial statements a list of all related parties as per Section 188 of the Companies Act, 2013 and Accounting Standard 18 and the transactions entered into with them and pursuant to and Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015. The Company has in place policy on Related Party Transactions. This policy can be viewed on the Company's website viz. [www.niyogin.com](http://www.niyogin.com)
- (b) A qualified practicing Company Secretary conducts Share Capital Reconciliation Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) along with shares held in physical form and the total issued and listed capital. The Share Capital Reconciliation Audit Report confirms that the total issued/paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

- (c) The Whole-Time Director and the Chief Financial Officer have certified to the Board in accordance with the requirements of Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 pertaining to CEO / CFO Certification for the period ended March 31, 2020.
- (d) The Companies risk management framework is being reviewed and revised to minimize risk and strengthen risk assessment.
- (e) During the last three years, there were no strictures or penalties imposed either by Securities and Exchange Board of India or the Stock Exchange or any regulatory authority for non-compliance of any matter related to the capital market.
- (f) No personnel have been denied access to the Chairman or members of the Audit Committee. Our Company is committed to highest standards of ethical, moral and legal business conduct. Accordingly, the Board of Directors has formulated a Vigil Mechanism/ Whistle Blower Policy which is in compliance with the provisions of Section 177 (10) of the Companies Act, 2013 and Regulation 4 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The policy provides for a framework and process whereby concerns can be raised by its employees against any kind of discrimination, harassment, victimization or any other unfair practice being adopted against them. This Policy can be viewed on the Company's website viz. [www.niyogin.com](http://www.niyogin.com)
- (g) The Company has complied with all applicable Accounting Standards issued by Institute of Chartered Accountants of India in preparation of its financial statements pursuant to the amended Schedule III of Companies Act, 2013.
- (h) During the year under review, the Company approved draft scheme of Amalgamation under Sections 230-232 of the Companies Act, 2013 (the 'Act') and the rules and regulations made thereunder, of Information Interface India Private Limited with Niyogin Fintech Limited and their respective shareholders and creditors ("Scheme"). The Scheme as aforesaid has received approval from the stock exchange and Reserve Bank of India on July 9, 2020 and July 23, 2020 respectively. It is further subject to necessary approvals of the shareholders and creditors of the company(ies), as may be applicable, Chennai Bench of National Company Law Tribunal and such other statutory and regulatory approvals as may be required.
- (i) The Company completed the acquisition of 50.01% stake in InvestDirect Capital Services Private Limited ("ICSPL"). This acquisition also resulted in the Company acquiring indirect stake in ICSPL's wholly-owned subsidiary viz. Moneymap Investment Advisors Private Limited ("Moneyfront"). The said acquisition was a non-cash transaction wherein the Company issued equity shares to the shareholders of ICSPL, by way of preferential issue, as consideration towards the shareholders of ICSPL transferring part of their shareholding in ICSPL in the Company's name. The preferential issue was allotted on August 19, 2019 and subsequently the Company obtained the trading approval from the stock exchange effective November 05, 2019.

## 9. MEANS OF COMMUNICATION:

- a. Financial Results: As required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Quarterly and Half-Yearly results of the Company are published within forty-five days from the end of the respective quarter and the annual audited results are announced as and when approved by the Board. The financial results are published usually in at least one English language national daily newspaper circulating in the whole or substantially the whole of India and in one daily newspaper published in the language of the region, where the registered office of the Company is situated and also posted on the Company's website viz. [www.niyogin.com](http://www.niyogin.com)
- b. News Releases, Presentations etc.: Official news releases, detailed presentations made to media, analysts, institutional investors etc. if any, are displayed on the Company's website viz. [www.niyogin.com](http://www.niyogin.com) Official announcements are sent to the Stock Exchanges.
- c. Website: The Company's corporate website [www.niyogin.com](http://www.niyogin.com) provides information about the Company's business. It also contains a separate dedicated Section 'Investor Relations' where shareholders information is available. The Annual Report of the Company is also available on the website in a user friendly and downloadable format.
- d. Annual Report: Annual Report containing, inter alia, Audited Annual Accounts, Consolidated Financial Statements, Directors' Report, Auditors' Report and other important information is circulated to members and others entitled thereto. The Management Discussion and Analysis (MD&A) Report forms part of the Annual Report.
- e. The presentations made to the investors are also uploaded on the website of the Company.

## 10. MANDATORY REQUIREMENT:

To the extent possible, the Company has complied with the mandatory requirements of Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 relating to Corporate Governance.

## 11. GENERAL SHAREHOLDER INFORMATION:

- a. As indicated in the Notice to our Shareholders, the 32<sup>nd</sup> Annual General Meeting of the members of Niyogin Fintech Limited, will be held on Thursday, September 17, 2020 at 4.00 p.m. IST through Video Conferencing ("VC") / Other Audio-Visual Means ("OAVM").

Annual General Meeting	32 <sup>nd</sup> Annual General Meeting
Financial Year	2019-2020
Time & Venue	4.00 pm (IST). on Thursday, September 17, 2020 through Video Conferencing

Date of Book Closure	<p>Saturday, September 12, 2020 is the cut-off date for e-voting.</p> <p>Book closure start date: Saturday, September 12, 2020</p> <p>Book closure end date: Thursday, September 17, 2020</p>
Dividend Payment	The Board of Directors of the Company do not recommend any dividend for its members. The Board intends to grow its reserves for operational growth and future cash flows.
Listing on Stock Exchange	BSE Limited
Stock Code	538772
Registered Office	MIG 944, Ground Floor, TNHB Colony, 1st Main Road, Velachery, Chennai, Tamil Nadu-600042
Corporate Address	Neelkanth Corporate IT Park, 311/312, 3rd Floor, Kirol Road, Vidyavihar (w), Mumbai – 400086

**b. Financial Calendar for FY 2020-21 (tentative and subject to change)**

Particulars	Actual/ Tentative Dates
Unaudited Financial Results for Quarter ended June 30, 2020	July 23, 2020
Unaudited Financial Results for Quarter ended September 30, 2020	November, 2020
Unaudited Financial Results for Quarter ended December 31, 2020	February, 2021
Audited Financial Results for the financial year ended March 31, 2021	May, 2021

**c. Financial Year**

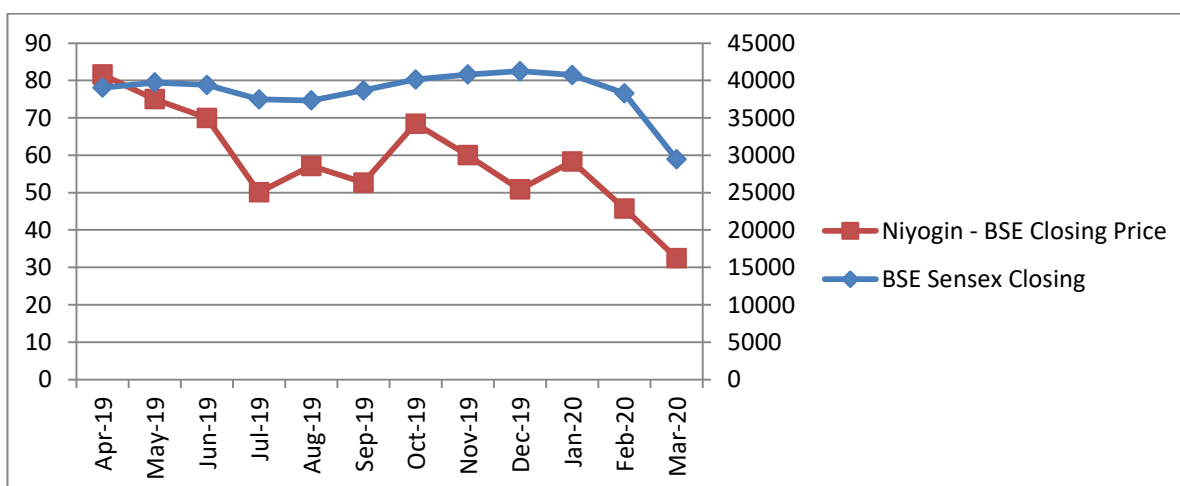
The Company follows the financial year starting from April 1 to March 31 each year.



d. Market Price Data - BSE:

Month	BSE Sensex Closing	Niyogin - BSE Closing Price
Apr-19	39031.55	81.60
May-19	39714.2	75.00
Jun-19	39394.64	70.00
Jul-19	37481.12	50.10
Aug-19	37332.79	57.15
Sep-19	38667.33	52.70
Oct-19	40129.05	68.45
Nov-19	40793.81	60.00
Dec-19	41253.74	50.85
Jan-20	40723.49	58.35
Feb-20	38297.29	45.75
Mar-20	29468.49	32.50

e. Performance in comparison to BSE SENSEX:



f. Registrars and Share Transfer Agents for Shares:

<b>Registrar &amp; Share Transfer Agent</b>	Link Intime India Private Limited
<b>Address, Contact details and Email id</b>	C 101, 247 Park, L. B .S. Marg, Vikhroli (West), Mumbai – 400083,  Toll free number: 1800 2208 78  Email id: <a href="mailto:rnt.helpdesk@linkintime.co.in">rnt.helpdesk@linkintime.co.in</a>
<b>Share Transfer System</b>	Presently, the Share Transfers which are received in physical form are processed by the Registrars and Share Transfer Agent and approved by the Committee of Directors in their meeting which normally meets twice in a month and the share certificates are returned within a period of 20 to 25 days from the date of lodgment, subject to the transfer instrument being valid and complete in all respects.

g. The Distribution of Shareholding as on March 31, 2020

SR. NO.	SHAREHOLDING OF NOMINAL VALUE (INR)			NUMBER OF SHAREHOLDERS	% OF TOTAL	SHARE AMOUNT (INR)	% OF TOTAL SHARE AMOUNT
1	1	to	5000	646	60.1490	1298560.00	0.1510
2	5001	to	10000	145	13.5009	1209230.00	0.1406
3	10001	to	20000	91	8.4730	1379760.00	0.1605
4	20001	to	30000	35	3.2588	873830.00	0.1016
5	30001	to	40000	12	1.1173	431860.00	0.0502
6	40001	to	50000	21	1.9553	1010710.00	0.1175
7	50001	to	100000	50	4.6555	3890940.00	0.4525
8	100001	to	*****	74	6.8901	849759860.00	98.8260
<b>Total</b>				<b>1074</b>	<b>100.0000</b>	<b>859854750.00</b>	<b>100.0000</b>

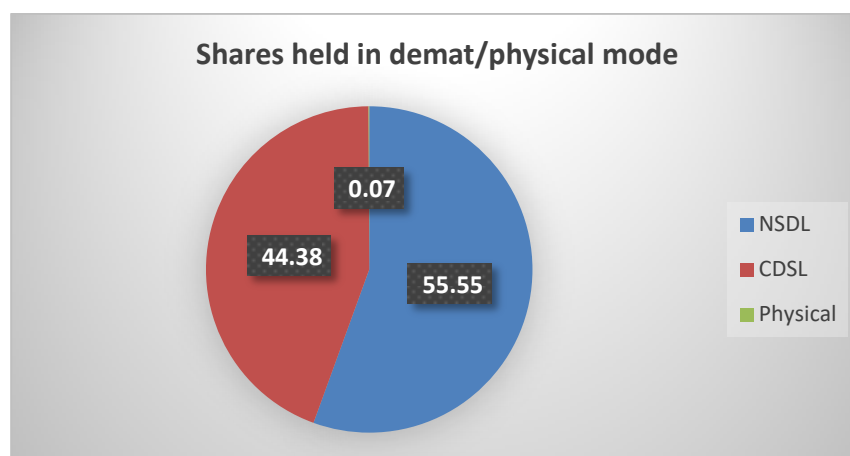
h. Category of Shareholders as on March 31, 2020:

Category	Total Securities	Total Holders	%-Issued Capital
Corporate Bodies (Promoter Co)	34435567	1	40.0481
Clearing Members	9000	3	0.0105
Other Bodies Corporate	3527264	22	4.1022
Foreign Company	24929425	2	28.9926
Foreign Inst. Investor	7120067	1	8.2805
Foreign Promoters	473531	1	0.5507
Hindu Undivided Family	121336	38	0.1411
Non-Resident Indians	61610	12	0.0717
Non-Resident (Non Repatriable)	1863904	7	2.1677
Public	3809018	984	4.4298
Foreign Portfolio Investors (Corporate)	9170400	2	10.6651
Alternate Investment Funds - III	464353	1	0.5400
<b>TOTAL:</b>	<b>85985475</b>	<b>1074</b>	<b>100</b>

i. Dematerialization of shares

As on March 31, 2020, 99.93% of the total equity capital is held in dematerialized form with NSDL and CDSL. As per SEBI guidelines, the trading in equity shares of the Company is permitted only in dematerialized form.

Particulars	No. of Shares	As % of total shares
NSDL	47767740	55.55
CDSL	38162535	44.38
Physical	55200	0.07
<b>Total</b>	<b>85985475</b>	<b>100</b>



j. Disclosure in relation to demat suspense account or unclaimed suspense account, as applicable:

- i. aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year; Nil
- ii. number of shareholders who approached listed entity for transfer of shares from suspense account during the year; N.A.
- iii. number of shareholders to whom shares were transferred from suspense account during the year; N.A.
- iv. aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year; N.A.
- v. that the voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares. Nil

k. Subsidiary Company

During the year under review, the Company does not have any materially unlisted Indian Subsidiary Company and hence was not required to have an Independent Director of the Company on the Board of such Subsidiary.

l. Address for correspondence:

<b>Registered Office</b>	MIG 944, Ground Floor, TNHB Colony, 1st Main Road Velachery, Chennai, Tamil Nadu- 600042
<b>Corporate Office</b>	311/312, 3 <sup>rd</sup> Floor, Neelkanth Corporate IT Park, Kirol Road, Vidyavihar (West), Mumbai- 400086
<b>Tel No.</b>	022- 62514646
<b>E-mail</b>	niyogin.compliance@niyogin.in

**m. Secretarial Department:**

The Company's Secretarial Department, headed by the Company Secretary, is situated at the Corporate Office mentioned above. Shareholders/Investors may contact the Company Secretary for any assistance they may need.

**12. NON-MANDATORY REQUIREMENTS AS MENTIONED IN PART E OF SCHEDULE II:**

**Non-Executive Chairman's Office:**

The Chairman of the Company is a Non-Executive Chairman.

**Shareholders rights:**

The Quarterly, Half Yearly and Annual Financial Results of the Company are published in the Newspaper and also posted on the Company's website. The complete Annual Report is sent to each and every Shareholder of the Company.

**Audit Qualifications:**

There are no Audit qualifications in the Company's financial statement for the year under reference.

**Separate post for chairman & CEO:**

The Company has appointed separate persons to the post of Chairman and Whole-Time Director.

**Reporting of internal auditor:**

The internal auditor reports directly to the Audit Committee.

**For and on behalf of the Board**

**Amit Rajpal**  
**Chairman**

Place: Hong Kong  
Date: July 23, 2020

**Makarand Patankar**  
**Whole-Time Director**

Place: Mumbai  
Date: July 23, 2020

DECLARATION PURSUANT TO REGULATION 34(3) READ WITH CLAUSE 'D' OF  
SCHEDULE V OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS),  
2015

To  
The Members of  
**Niyogin Fintech Limited**

I, Makarand Patankar, Whole - Time Director of Niyogin Fintech Limited hereby declare that all the members of the Board of Directors and the senior management personnel have affirmed compliance with the Code of Conduct of the Company for the year ended March 31, 2020.

**Makarand Patankar**  
**Whole Time Director**  
**DIN: 01584128**

Place: Mumbai  
Date: May 04, 2020

**CERTIFICATE PURSUANT TO REGULATION 17 OF SEBI (LISTING REGULATIONS AND  
DISCLOSURE REQUIREMENTS) REGULATIONS, 2015**

To,

**Board of Directors  
Niyogin Fintech Limited**

Dear Members of the Board,

We the undersigned, certify the following information –

- A. We have reviewed financial statements and the cash flow statement for the year ended March 31, 2020 and that to the best of our knowledge and belief:
- 1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - 2) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the listed entity during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the auditors and the Audit committee -
- 1) that there are no significant changes in internal control over financial reporting during the year;
  - 2) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - 3) that there are no instances of significant fraud of which we have become aware.

**Makarand Patankar  
Whole Time Director  
DIN: 01584128**

**Rumit Dugar  
Chief Financial Officer  
PAN: AEXPD0410L**

Place: Mumbai

Date: May 12, 2020

## COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

(In terms of Regulation 34(3) and Schedule V (E) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,

The Members,

**Niyogin Fintech Limited**

We have examined the compliance of conditions of Corporate Governance by **Niyogin Fintech Limited** ('the Company'), CIN: L65910TN1988PLC131102 having registered office at MIG 944, Ground Floor, TNHB Colony, 1st Main Road Velachery Chennai, Tamil Nadu -600042 for the year ended on **March 31, 2020**, as stipulated in Regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 and para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015 ('Listing Regulations') pursuant to the Listing Agreement of the Company with Stock Exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof, adopted by the company for ensuring compliance of the conditions of the corporate governance. It is neither an audit nor an expression of opinion on the Financial Statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we hereby certify that the Company has complied with the conditions of Corporate Governance to the extent applicable, as stipulated in the provisions specified in chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Listing Agreement of the said Company with stock exchange.

We further state that such compliance is neither any assurance as to future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

This certificate is issued solely for the purpose of complying with the aforesaid Regulations and may not be suitable for any other purpose.

**For Mitesh J. Shah & Associates**  
**(Company Secretaries)**

**Mitesh J. Shah**

**(Proprietor)**

**FCS No.: 10070**

**C. P. No.: 12891**

**UDIN: F010070B000489637**

**Date:** 23<sup>rd</sup> July, 2020

**Place:** Mumbai



## CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

*[Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]*

To  
The Members,  
**NIYOGIN FINTECH LIMITED**

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **NIYOGIN FINTECH LIMITED** having CIN L65910TN1988PLC131102 and having registered office at MIG 944, Ground Floor, TNHB Colony, 1st Main Road, Velachery Chennai, Tamil Nadu -600042 (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10 (i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31<sup>st</sup> March, 2020 have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

Details of Directors:

Sr No.	Name of the Directors	DIN	Date of appointment in Company
1	Mr. Kapil Kapoor	00178966	05/12/2016
2	Mr. Makarand Ram Patankar	01584128	05/12/2016
3	Mrs. Subhasri Sriram	01998599	23/01/2020
4	Ms. Sutapa Banerjee	02844650	05/12/2016
5	Mr. Amit Vijay Rajpal	07557866	05/12/2016
6	Mr. Eric Wetlaufer	08347413	12/02/2019

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

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**Mitesh J. Shah**

**FCS No. 10070**

**C. P. No. 12891**

**UDIN.: F010070B000489472**

**Date:** 23rd July, 2020

**Place:** Mumbai

## ESOP COMPLIANCE CERTIFICATE

COMPLIANCE CERTIFICATE PURSUANT TO SECURITIES & EXCHANGE BOARD OF INDIA (SHARE BASED EMPLOYEE BENEFITS) REGULATIONS, 2014

### ***B S R & Co. LLP*** ***Chartered Accountants***

5th Floor, Lodha Excelus,  
Apollo Mills Compound  
N. M. Joshi Marg, Mahalaxmi  
Mumbai - 400 011  
India  
Fax +91 (22) 4345 5399  
Telephone +91 (22) 4345 5300

The Board of Directors  
Niyogin Fintech Limited  
Neelkanth Corporate IT Park  
311/312, 3rd Floor  
Kiroi Road, Vidhyavihar (West)  
MUMBAI 400 086

23 July 2020

Dear Sirs

#### **Auditor's certificate on compliance with Employee Stock Option Schemes**

1. This certificate is issued in accordance with the terms of our engagement letter dated 21 September 2019, addendum letter dated 23 July 2020
2. In accordance with the requirements of Regulation 13 of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (the 'SEBI ESOP 2014 Regulations'), we are required to issue a certificate to the Board of Directors of Niyogin Fintech Limited (the 'Company') for placing before the shareholders in the ensuing annual general meeting on whether Niyogin Employees Stock Option Plan 2018 ('ESOP 2018') and Niyogin Employee Stock Option Plan 2019 ('ESOP 2019') (together referred to as the 'ESOS schemes') have been implemented in accordance with the SEBI ESOP 2014 Regulations and the Securities and Exchange Board of India (Share Based Employee Benefits) (Amendment) Regulations, 2015 (together referred to as the 'SEBI (SBEB) Regulations') and in accordance with the shareholders' resolutions passed by the Company through postal ballot on 9 July 2018 for ESOP 2018 and on 24 December 2019 for ESOP 2019 (the 'Shareholders' Resolutions').

#### **Management's responsibility**

3. The Company's management has full and exclusive responsibility for the implementation of the ESOS schemes in accordance with the SEBI (SBEB) Regulations and in accordance with the Shareholders' Resolutions. This responsibility includes the design, implementation and maintenance of internal control relevant for complying with the SEBI (SBEB) Regulations.

B S R & Co (a partnership firm with Registration No. BA61223) converted into  
B S R & Co. LLP (a Limited Liability, Partnership with  
LLP Registration No. AAB-8181)  
with effect from October 14, 2013

Registered Office:  
5th Floor, Lodha Excelus  
Apollo Mills Compound  
N. M. Joshi Marg, Mahalaxmi Mumbai -  
400 011, India

### **Auditor's responsibility**

4. Pursuant to the requirements of Regulation 13 of the SEBI ESOP 2014 Regulations, it is our responsibility to provide a limited assurance and draw a conclusion as to whether the ESOS schemes have been implemented in accordance with the SEBI (SBEB) Regulations and the Shareholders' Resolutions
5. For the purpose of this certificate, we planned and performed following procedures:
  - a) Verified the ESOS schemes and the Shareholders' Resolutions; and
  - b) examined standalone financial statements, books of account and other records for the year ended 31 March 2020 to assess the compliance with the SEBI (SBEB) Regulations.
6. The standalone financial statements referred to in paragraph above, have been audited by us on which we issued an unmodified opinion dated 12 May 2020. Our audit of these standalone financial statements was conducted in accordance with the Standards on Auditing and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India (the 'ICAI'). Those standards require that we plan and perform the audit to obtain reasonable assurance whether the standalone financial statements are free of material misstatement.
7. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement and consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.
8. We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) (the 'Guidance Note') issued by the ICAI. The Guidance Note requires that we comply with the independence and other ethical requirements of the Code of Ethics issued by the ICAI.
9. We have complied with the relevant applicable requirements of the Standard on Quality Control ('SQC') 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

### **Other matter**

10. The Company has submitted ESOP 2019 to BSE Limited for in principal approval on 5 May 2020. The Company has received the in principal approval from BSE Limited on 1 June 2020.

### **Conclusion**

11. Based on our examination as above, and the information and explanations given to us, nothing has come to our attention that causes us to believe that the ESOS schemes are not, in all material aspects, in compliance with the SEBI (SBEB) Regulations and the Shareholders' Resolutions.

### Restriction of use

12. This certificate is addressed to and provided to the Board of Directors of the Company solely for the purpose of compliance with Regulation 13 of the SEBI ESOP 2014 Regulations and may not be suitable for any other purpose. Accordingly, our certificate should not be quoted or referred to in any other document or made available to any other person or persons without our prior written consent. Also, we neither accept nor assume any duty or liability for any other purpose or to any other party to whom our certificate is shown or into whose hands it may come without our prior written consent. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

**For B S R & Co. LLP**

*Chartered Accountants Firm's*

Registration No. 101248W / W- 100022

**Mumbai**

23 July 2020

**Sameer Mota**

Partner

Membership No. 109928

UDIN: 20109928AAAAGP7659

## INDEPENDENT AUDITOR'S REPORT

### To the Members of Niyogin Fintech Limited

#### Report on the Audit of the Standalone Financial Statements

##### Opinion

We have audited the standalone financial statements of Niyogin Fintech Limited (the 'Company'), which comprise the standalone balance sheet as at 31 March 2020, and the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including 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 standalone financial statements give the information required by the Companies Act, 2013 (the 'Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2020, and loss and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

##### Basis for Opinion

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

##### Emphasis of matter

As described in Note 46 (a) to the standalone financial statements, in respect of accounts overdue but standard as at 29 February 2020 where moratorium benefit has been granted, the staging of those accounts as at 31 March 2020 is based on the days past due status as on 29 February 2020 in accordance with Reserve Bank of India COVID-19 Regulatory Package.

As described in Note 46 (b) to the standalone financial statements, the extent to which the COVID-19 pandemic will impact the Company's financial performance is dependent on future developments, which are highly uncertain.

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



## Key Audit Matters

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.

### Description of Key Audit Matter

Key audit matter	How the matter was addressed in our audit
<b>Transition date accounting</b>  <i>Refer the accounting policies in the standalone financial statements: Significant Accounting Policies – ‘Basis of preparation’ and notes 49 and 50 to the standalone financial statements</i>  Effective 1 April 2019, the Company has adopted the Indian Accounting Standards (‘Ind AS’) notified by the Ministry of Corporate Affairs with the transition date of 1 April 2018.  The following are the major impact areas for the Company upon transition: <ul style="list-style-type: none"><li>• Classification and measurement of financial assets and financial liabilities</li><li>• Measurement of loan losses (expected credit losses)</li><li>• Accounting for loan fees and costs</li><li>• Accounting for employee stock option plan</li><li>• Accounting for actuarial gain / loss on post-employment benefit</li></ul> Migration to the new accounting framework i.e. Ind AS, is a complicated process involving multiple decision points upon transition. Ind AS 101, First Time Adoption prescribes choices and exemptions for first time application of Ind AS principles at the transition date.  We identified transition date accounting as a key audit matter because of significant degree of management judgment and application on the areas noted above.	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"><li>• Assessed the design, implementation and operating effectiveness of key internal controls over management’s evaluation of transition date choices and exemptions availed in line with the principles under Ind AS 101.</li><li>• Evaluated management’s transition date choices and exemptions for compliance / acceptability under Ind AS 101.</li><li>• Understood the methodology implemented by management to give impact on the transition.</li><li>• Assessed the accuracy of the computations.</li><li>• Assessed areas of significant estimates and management judgment in line with principles under Ind AS.</li></ul>

**Impairment of loans and advances to customers****Charge: Rs. 1,371.12 Lakh for year ended 31 March 2020****Provision: Rs. 1,616.96 Lakh as at 31 March 2020**

*Refer to the accounting policies in the standalone financial statements: Note 3.6 to the standalone financial statements: 'Significant Accounting Policies' and Note 7 to the standalone financial statements: 'Loans'*

**Subjective estimate**

Our audit procedures included the following:

Recognition and measurement of impairment of loans and advances involve significant management judgement.

**Key audit matter****How the matter was addressed in our audit**

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

The most significant areas are:

- Determination of exposure at default
- Loan staging criteria
  
- Calculation of probability of default
- Consideration of probability weighted scenarios and forward looking macro-economic factors

The application of ECL model requires several data inputs. This increases the risk of completeness and accuracy of the data that has been used to create assumptions in the model. In some cases, data is unavailable and reasonable alternatives have been applied to allow calculations to be performed.

**Design / controls**

- Evaluated the appropriateness of the impairment principles based on the requirements of Ind AS 109, our business understanding and industry practice.
- Understood management's revised processes, systems and controls implemented in relation to impairment allowance process, particularly in view of COVID-19 regulatory package.
- Evaluated management's controls over collation of relevant information used for determining estimates for
- management overlays on account of COVID-19.
- Tested the controls over 'Governance Framework' in line with RBI guidance.
- Assessed the design and implementation of key internal financial controls over loan impairment process used to calculate the impairment charge.
- Tested review controls over measurement of impairment allowances and disclosures in the standalone financial statements.



### *Impact of COVID-19*

On 11 March 2020, the World Health Organisation declared Novel Coronavirus (COVID-19) outbreak to be a pandemic.

We have identified the impact of, and uncertainty related to the COVID 19 pandemic as a key element and consideration for recognition and measurement of impairment of loans and advances on account of:

- Short-term and long-term macroeconomic effect on businesses in the country and globally and its consequential first order and cascading negative impact on revenue and employment generation opportunities;
- impact of the pandemic on the Company's customers and their ability to repay dues; and
- application of regulatory package announced by Reserve Bank of India ('RBI') on asset classification and provisioning.

Management has conducted a qualitative assessment of significant increase in credit risk ('SICR') of the loan portfolio with respect to the moratorium benefit to borrowers prescribed by the RBI and considered updated macroeconomic variable and the use of management overlays to reflect potential impact of COVID-19 on expected credit losses on its loan portfolio.

### **Substantive tests**

- Assessed the appropriateness of management's rationale for determination of criteria for SICR considering both: adverse effects of COVID 19 and mitigants in the form of RBI / Government financial relief package.
- Assessed the appropriateness of macroeconomic factors and management overlays to calibrate the risks that are not yet fully captured by the existing model.
- We used our modelling specialist to test the model methodology and reasonableness of assumptions used including management overlays.
- We focused on appropriate application of accounting principles and reasonableness of assumptions used in the model.
- Performed test of details over calculation of impairment allowance for assessing the completeness, accuracy and relevance of data.
- Model calculations were tested through re-performance where possible.
- Appropriateness of management's judgments was also independently reconsidered in respect of calculation methodologies, economic factors, and period of historical default rates used.
- Assessed the factual accuracy and appropriateness of the disclosures are made in standalone financial statement regarding impact of COVID-19.

### **Other Information**

The Company's management and the Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the 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.

Our opinion on the standalone 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 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 statement standalone financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

#### **Management's and the Board of Directors' Responsibility for the Standalone Financial Statements**

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

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

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

#### **Auditor's Responsibilities for the Audit of the Standalone Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the standalone 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 the standalone financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the standalone financial statements made by management and the Board of Directors.
- Conclude on the appropriateness of management and the Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone 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 standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone 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

1. As required by the Companies (Auditor's Report) Order, 2016 (the 'Order') issued by the Central Government in terms of section 143 (11) of the Act, we give in the 'Annexure A' a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
  - (A) As required by Section 143 (3) of the Act, we report that:
    - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
    - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
    - c) The standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows dealt with by this Report are in agreement with the books of account.
    - d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under section 133 of the Act.
    - e) On the basis of the written representations received from the directors as on 31 March 2020 taken on record by the Board of Directors, none of the directors is

disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164 (2) of the Act.

- f) With respect to the adequacy of the internal financial controls with reference to the standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in 'Annexure B'.
- (B) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company does not have any pending litigations which would impact its financial position;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company; and
  - iv. The disclosures in the standalone financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these standalone financial statements since they do not pertain to the financial year ended 31 March 2020.
- (C) With respect to the matter to be included in the Auditor's Report under section 197 (16):  
In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197 (16) which are required to be commented upon by us.

For **B S R & Co. LLP**

*Chartered Accountants*

Firm's Registration No:101248W/W-100022

**Sameer Mota**

*Partner*

Mumbai  
12 May 2020

Membership No. 109928  
UDIN: 20109928AAAAABG8830

**Annexure A to the Independent Auditor's Report of even date on the standalone financial statements of Niyogin Fintech Limited**

The Annexure referred to in the Independent Auditor's Report to the members of Niyogin Fintech Limited (the 'Company') on the standalone financial statements for the year ended 31 March 2020, we report that:

- (i) a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b. The Company has a regular program of physical verification of its fixed assets by which all the fixed assets are verified once in year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- c. The Company does not have any immovable property held in its name. Accordingly, the provision of clause 3 (i) (c) of the Order is not applicable to the Company.
- (ii) The Company's business does not involve holding of any inventories. Accordingly, the provision of clause 3 (ii) of the Order is not applicable to the Company.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act 2013 (the 'Act') Accordingly, the provision of clause 3 (iii) of the Order is not applicable to the Company.
- (iv) According to the information and explanations given to us, the Company has not granted any loans, made investments or provided guarantees under section 185 and 186 of the Act. Accordingly, the provision of clause 3 (iv) of the Order is not applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits from the public to which the directives issued by Reserve Bank of India and the provisions of Section 73 to Section 76 or any other relevant provisions of the Act and the rules framed there under apply. Accordingly, clause 3 (iv) of the Order is not applicable to the Company.
- (vi) The Central Government has not prescribed the maintenance of cost records under sub section (1) of section 148 of the Act for any of the services rendered by the Company. Accordingly, the provision of clause 3 (vi) of the Order is not applicable.
- (vii) a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including provident fund, income tax, goods and service tax, cess and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities though there has been a delay in one case. As explained to us, the Company did not have any dues on account of employee's state insurance, duty of customs, duty of excise, sales tax, and value added tax.
- b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, goods and service tax, cess and other material statutory dues were in arrears as at 31 March 2020 for a period of more than six months from the date they became payable.
- c) There are no dues of income tax and goods and service tax which have not been deposited on account of any dispute.

- (viii) In our opinion and according to the information and explanations given to us, the Company did not have any have any loans or borrowings from financial institutions, banks, government or debenture holders during the year. Accordingly, clause 3 (viii) of the Order is not applicable to the Company.
- (ix) According to the information and explanations given to us, the Company has not raised moneys by way of initial public offer or further public offer and term loans during the year. Accordingly, clause 3 (ix) of the Order is not applicable to the Company.
- (x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the explanation and information given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- (xi) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid / provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, the provision of clause 3 (xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, transactions with the related parties are in compliance with section 177 and 188 of the Act, where applicable and the details have been disclosed in the standalone financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, the provision of clause 3 (xiv) of the Order is not applicable.
- (xv) According to the information and explanations given to us and based on our examination of the records, the Company has not entered into any non-cash transactions with directors or persons connected with him during the year. Accordingly, clause 3 (xv) of the Order is not applicable to the Company.
- (xvi) The Company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and it has obtained certificate of registration.

**For B S R & Co. LLP**

*Chartered Accountants*

Firm's Registration No: 101248W/W-100022

**Sameer Mota**

*Partner*

Mumbai

12 May 2020

Membership No: 109928

UDIN: 20109928AAAABG8830

Annexure B to the Independent Auditor's report on the standalone financial statements of Niyogin Fintech Limited for the year ended 31 March 2020

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

(Referred to in paragraph 1 (A) (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

#### Opinion

We have audited the internal financial controls with reference to the standalone financial statements of Niyogin Fintech Limited (the 'Company') as of 31 March 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

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

#### Management's Responsibility for Internal Financial Controls

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

#### Auditor's Responsibility

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

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



effectiveness. Our audit of internal financial controls with reference to the standalone financial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

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

#### **Meaning of Internal Financial controls with Reference to the Standalone Financial Statements**

A company's internal financial controls with reference to the standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to the standalone 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 the standalone 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 standalone financial statements.

#### **Inherent Limitations of Internal Financial controls with Reference to the Standalone Financial Statements**

Because of the inherent limitations of internal financial controls with reference to the standalone 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 the standalone financial statements to future periods are subject to the risk that the internal financial controls with reference to the standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**For B S R & Co. LLP**

*Chartered Accountants*

Firm's Registration No:101248W/W-100022

**Sameer Mota**

*Partner*

Mumbai  
12 May 2020

Membership No. 109928

UDIN: 20109928AAAABG8830



## Standalone Balance Sheet as at 31 March 2020

Amounts in ₹ lakhs

Particulars	Note	As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
<b>ASSETS</b>				
<b>Financial assets</b>				
Cash and cash equivalents	4	780.19	118.71	124.02
Bank balance other than cash and cash equivalents above Receivables	5	3,771.73	4,137.63	5,491.90
(i) Trade receivables		-	-	-
(ii) Other receivables	6	11.52	13.10	0.66
Loans	7	12,619.50	4,954.81	112.98
Investments	8	6,748.90	15,896.81	19,811.64
Other financial assets	9	49.44	28.99	0.32
<b>Total financial assets</b>		<b>23,981.28</b>	<b>25,150.05</b>	<b>25,541.52</b>
<b>Non-financial Assets</b>				
Income tax assets	28	129.45	57.90	18.59
Right of use asset		189.33	274.63	-
Property, plant and equipment	10(a)	25.46	45.34	40.99
Intangible assets under development		2.88	1.32	51.35
Intangible assets	10(b)	224.27	463.05	595.73
Other non-financial assets	11	301.24	225.48	152.43
<b>Total non-financial assets</b>		<b>872.63</b>	<b>1,067.73</b>	<b>859.09</b>
<b>TOTAL ASSETS</b>		<b>24,853.91</b>	<b>26,217.77</b>	<b>26,400.61</b>
<b>LIABILITIES AND EQUITY</b>				
<b>LIABILITIES</b>				
<b>Financial liabilities</b>				
Payables				
(i) Trade payables	12			
a) total outstanding dues of micro enterprises and small enterprises		11.96	13.31	2.88
b) total outstanding dues of creditors other than micro enterprises and small enterprises		82.63	61.05	94.40
Other financial liabilities	13	261.40	289.22	6.11
<b>Total financial liabilities</b>		<b>355.99</b>	<b>363.58</b>	<b>103.39</b>
<b>Non-financial liabilities</b>				
Provisions	14	261.67	232.02	229.58
Other non-financial liabilities	15	35.49	36.88	39.06
<b>Total non-financial liabilities</b>		<b>297.16</b>	<b>268.90</b>	<b>268.64</b>
<b>EQUITY</b>				
Equity share capital	16	8,598.55	8,476.69	8,476.69
Other equity	17	15,602.21	17,108.60	17,551.89
<b>Total equity</b>		<b>24,200.76</b>	<b>25,585.29</b>	<b>26,028.58</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>24,853.91</b>	<b>26,217.77</b>	<b>26,400.61</b>
Summary of significant accounting policies	3			
The accompanying notes are an integral part of the financial statements.				
As per our report of even date.				
For <b>B S R &amp; Co. LLP</b> Chartered Accountants Firm's Registration No: 101248W/W-100022		For and on behalf of the Board of Directors of <b>Niyogin Fintech Limited</b> CIN No: L65910-MH1988-PLC23-9746		
<b>Sameer Mota</b> Partner		<b>Makarand Patankar</b> Director	<b>Amit Rajpal</b> Chairman & Non-Executive Director	
Membership No: 109928		DIN : 01584128 Mumbai	DIN : 07557866 Hong Kong	
Mumbai 12 May 2020		<b>Rumit Dugar</b> Chief Financial Officer Mumbai		

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

Amounts in ₹ lakhs

Particulars	Note	Year ended 31 March 2020	Year ended 31 March 2019
<b>Revenue from operations</b>			
Interest income	18	2,468.77	2,114.85
Fees and commission income	19	5.71	-
Net gain on fair value changes	20	266.68	163.97
Others	21	12.22	3.55
<b>Total revenue from operations</b>		<b>2,753.38</b>	<b>2,282.37</b>
Other income	22	9.17	2.86
<b>Total income</b>		<b>2,762.55</b>	<b>2,285.23</b>
<b>Expenses</b>			
Finance costs	23	28.70	20.83
Impairment on financial instruments	24	1,700.25	217.15
Employee benefits expenses	25	1,767.23	1,539.37
Depreciation and amortization	26	344.63	307.53
Others expenses	27	1,251.05	1,018.44
<b>Total expenses</b>		<b>5,091.86</b>	<b>3,103.32</b>
<b>Loss before tax</b>		<b>(2,329.31)</b>	<b>(818.09)</b>
Tax expense:			
(1) Current tax	28	-	-
(2) Deferred tax	28	-	-
<b>Total tax expense</b>		<b>-</b>	<b>-</b>
<b>Loss for the year</b>		<b>(2,329.31)</b>	<b>(818.09)</b>
<b>Other comprehensive income</b>			
(i) Items that will not be reclassified to profit or loss			
- Re-measurement of defined benefit plan		11.95	0.69
- Income tax relating to items that will not be reclassified to profit or loss		-	-
<b>Other comprehensive income</b>		<b>11.95</b>	<b>0.69</b>
<b>Total comprehensive loss for the year</b>		<b>(2,317.36)</b>	<b>(817.40)</b>
<b>Earnings per equity share</b>			
Basic (₹)		(2.72)	(0.97)
Diluted (₹)		(2.72)	(0.97)
Summary of Significant accounting policies	3		
The accompanying notes are an integral part of the financial statements.			
As per our report of even date.			
For <b>B S R &amp; Co. LLP</b> Chartered Accountants Firm's Registration No: 101248W/W-100022		For and on behalf of the Board of Directors of <b>Niyogin Fintech Limited</b> CIN No: L65910-MH1988-PLC23-9746	
<b>Sameer Mota</b> Partner		<b>Makarand Patankar</b> Director	<b>Amit Rajpal</b> Chairman & Non-Executive Director
Membership No: 109928		DIN : 01584128 Mumbai	DIN : 07557866 Hong Kong
Mumbai 12 May 2020		<b>Rumit Dugar</b> Chief Financial Officer Mumbai	

Standalone statement of cash flows  
for the year ended 31 March 2020

Amounts in ₹ lakhs

Particulars	For year ended 31 March 2020	For year ended 31 March 2019
<b>CASH FLOW FROM OPERATING ACTIVITIES :</b>		
<b>Loss before tax:</b>	<b>(2,329.31)</b>	<b>(818.09)</b>
Adjustments :		
Interest Income on Loans	<b>(1,504.64)</b>	(461.48)
Interest on Investments	<b>(643.71)</b>	(1,284.55)
Interest on deposits with banks	<b>(317.98)</b>	(366.91)
Depreciation, amortisation and impairment	<b>344.63</b>	307.53
Net unrealised gain on fair value changes	<b>(60.33)</b>	(15.89)
Impairment on financial instruments	<b>1,700.25</b>	217.15
Employee share based payments	<b>389.23</b>	374.11
Interest expense on lease liability	<b>28.70</b>	20.83
Interest income on security deposit	<b>(2.44)</b>	(1.91)
Derecognition gain on leases	<b>(1.69)</b>	-
Re-measurement of defined benefit plan	<b>11.95</b>	0.69
<b>Operating loss before working capital changes</b>	<b>(2,385.34)</b>	<b>(2,028.52)</b>
<b>Adjustments for (increase) / decrease in operating assets:</b>		
Other receivables	<b>1.57</b>	(12.44)
Loans	<b>(9,124.36)</b>	(5,009.74)
Other financial assets	<b>(16.78)</b>	(39.65)
Other non-financial assets	<b>(147.30)</b>	(112.37)
<b>Adjustments for increase / (decrease) in operating liabilities</b>		
Trade payables	<b>20.23</b>	(22.93)
Other financial liabilities	<b>-</b>	(6.11)
Provisions	<b>29.65</b>	2.44
Other non-financial liabilities	<b>(1.39)</b>	(2.18)
<b>Net cash used in operating activities</b>	<b>(11,623.72)</b>	<b>(7,231.50)</b>
Cash inflow from interest Income on loans	<b>1,341.14</b>	384.00
<b>Net cash used in operating activities</b>	<b>(10,282.58)</b>	<b>(6,847.50)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Proceeds from sale of investment	<b>20,302.11</b>	21,708.95
Purchase of Investments	<b>(11,238.04)</b>	(15,090.18)
Net proceeds / (outflows) from sale and purchase of mutual fund units	<b>1,300.12</b>	(1,379.96)
Investment in Fixed Deposits	<b>(9,720.82)</b>	(5,005.14)
Proceeds from Maturity of Fixed Deposits	<b>10,394.81</b>	6,731.03
Purchase of property, plant and equipments	<b>(1.94)</b>	(22.52)
Purchase of intangible assets	<b>(16.24)</b>	(59.59)
<b>Net cash generated from investing activities</b>	<b>11,020.00</b>	6,882.59
<b>CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Proceeds from Issue of shares	<b>7.57</b>	-
Payment of lease liability	<b>(83.51)</b>	(40.40)
<b>Net cash used in financing activities</b>	<b>(75.94)</b>	(40.40)
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>661.48</b>	<b>(5.31)</b>
Add : Cash and cash equivalents at the beginning of the year	<b>118.71</b>	124.02
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>780.19</b>	118.71

Standalone statement of cash flows (Continued)  
for the year ended 31 March 2020

Amounts in ₹ lakhs

Particulars	For year ended 31 March 2020	For year ended 31 March 2019
<b>Components of Cash and Cash Equivalents</b>		
- Balance with bank in current account	780.19	83.71
- In fixed deposits (with original maturity of 3 months or less)	-	35.00
<b>Total</b>	<b>780.19</b>	<b>118.71</b>

**Note:**

The above statement of cash flow has been prepared under the 'Indirect method' as set out in Ind AS 7 on 'Statement of cash flows'.

As per our report of even date.

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

**Sameer Mota**  
Partner

Membership No: 109928

Mumbai  
12 May 2020

For and on behalf of the Board of Directors of  
**Niyogin Fintech Limited**  
CIN No: L65910-MH1988-PLC23-9746

**Makarand Patankar**  
Director

DIN : 01584128  
Mumbai

**Rumit Dugar**  
Chief Financial Officer  
Mumbai

**Amit Rajpal**  
Chairman & Non-  
Executive Director  
DIN : 07557866  
Hong Kong

Standalone Statement of changes in equity  
for the year ended 31 March 2020

Amounts in ₹ lakhs

**A. Equity share capital**

Particulars	Number	Amount
As at 01 April 2018	8,00,34,450	8,003.45
Changes in equity share capital during the year	47,32,433	473.24
As at 31 March 2019	8,47,66,883	8,476.69
Changes in equity share capital during the year	12,18,592	121.86
As at 31 March 2020	<b>8,59,85,475</b>	<b>8,598.55</b>

**B. Instruments entirely equity in nature**

**Compulsorily Convertible Non-Cumulative Preference shares**

Particulars	Number	Amount
As at 01 April 2018	47,32,433	473.24
Converted in equity share capital during the year	(47,32,433)	(473.24)
As at 31 March 2019	-	-
Converted in equity share capital during the year	-	-
As at 31 March 2020	-	-

**C. Other equity**

Particulars	Reserves and surplus					Total other equity
	Securities premium	Capital Redemption reserve	Special reserve	Retained earnings	Share based options outstanding	
As at 01 April 2018	18,297.33	-	1.89	(747.33)	-	17,551.89
Loss for the year	-	-	-	(818.09)	-	(818.09)
Other comprehensive income	-	-	-	0.69	-	0.69
<b>Total comprehensive loss for the year</b>	-	-	-	(817.40)	-	(817.40)
Charge during the year	-	-	-	-	374.11	374.11
As at 31 March 2019	18,297.33	-	1.89	(1,564.73)	374.11	17,108.60
Loss for the year	-	-	-	(2,329.31)	-	(2,329.31)
Other comprehensive income	-	-	-	11.95	-	11.95
<b>Total comprehensive loss for the year</b>	-	-	-	(2,317.36)	-	(2,317.36)
Additions	515.05	-	-	-	-	515.05
Charge during the year	-	-	-	-	295.92	295.92
As at 31 March 2020	<b>18,812.38</b>	-	<b>1.89</b>	<b>(3,882.09)</b>	<b>670.03</b>	<b>15,602.21</b>

As per our report of even date.

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

**Sameer Mota**  
Partner

Membership No: 109928

Mumbai  
12 May 2020

For and on behalf of the Board of Directors of  
**Niyogin Fintech Limited**  
CIN No: L65910-MH1988-PLC23-9746

**Makarand Patankar**  
Director

DIN : 01584128  
Mumbai

**Rumit Dugar**  
Chief Financial Officer  
Mumbai

**Amit Rajpal**  
Chairman & Non-Executive Director

DIN : 07557866  
Hong Kong

Notes forming part of the standalone financial statements  
for the year ended 31 March 2020

Amounts in ₹ lakhs

**1. CORPORATE INFORMATION**

Niyogin Fintech Limited (erstwhile M3 Global Finance limited) ('the Company') has been issued a new Certificate of Incorporation dated 12 May 2017 pursuant to the name change. It is a Non-Banking Financial Company ('NBFC') holding a valid Certificate of Registration Number B-13.02061 dated 29 May 2017 with the Reserve Bank of India ('the RBI'). It is a non-deposit taking non-systemically important Non-Banking Financial Company ('NBFC-ND-NSI').

**2. BASIS OF PREPARATION**

**2.1 Statement of compliance**

The standalone financial statements of the Company have been prepared in accordance with the Indian Accounting Standards (the 'Ind AS') prescribed under section 133 of the Companies Act, 2013 (the 'Act').

For all periods up to and including the year ended 31 March 2019, the Company had prepared its standalone financial statements in accordance with accounting standards notified under section 133 of the Act, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP or previous GAAP). These standalone financial statements for the year ended 31 March 2020 are the Company's first financial statements prepared in accordance with Ind AS.

**2.2 Basis of measurement**

The standalone financial statements have been prepared on historical cost basis except for following assets and liabilities which have been measured at fair value amount:

i) Investment in scheme of Mutual funds at fair value through profit and loss ('FVTPL')

**2.3 Functional and presentation currency**

The standalone financial statements are presented in Indian Rupees (₹) which is the currency of the primary economic environment in which the Company operates (the 'functional currency'). The values are rounded to the nearest lakhs, except when otherwise indicated.

**2.4 Use of estimates, judgements and assumptions**

The preparation of the standalone financial statements in conformity with Ind AS requires management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. Actual results may differ from the estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters

available when the standalone financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Following are the areas that involved a higher degree of estimates and judgement or complexity in determining the carrying amount of some assets and liabilities.

i) 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. For further details about determination of fair value refer note 3.8 and note 42.

ii) Effective interest rate ('EIR') method

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

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

iii) Impairment of financial asset

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

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

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

- b) Development of ECL models, including the various formulas and the choice of inputs.
- c) Determination of associations between macroeconomic scenarios and economic inputs as gross domestic products, and the effect on probability of default ('PD'), exposure at default ('EAD') and loss given default ('LGD').
- d) Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into ECL models.

**iv) Provisions and other contingent liabilities**

The Company operates in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent to its operations.

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

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

For further details on provisions and other contingencies refer note 3.16.

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

## **2.5 Presentation of the standalone financial statements**

The Company presents its balance sheet in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in Note 43.

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

- i) The normal course of business
- ii) The event of default



### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 3.1 Recognition of interest income

##### A. EIR method

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

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

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

##### B. Interest income

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

When a financial asset becomes credit impaired and is, therefore, regarded as 'stage 3', the Company calculates interest income on the net basis. If the financial asset cures and is no longer credit impaired, the Company reverts to calculating interest income on a gross basis.

#### 3.2 Financial instrument - initial recognition

##### A. Date of recognition

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

##### B. Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments (Refer note 3.3(A)). Financial instruments are initially measured at their fair value (as defined in Note 3.8). Transaction costs are added to, or subtracted from this amount at initial recognition except in the case of financial assets and financial liabilities recorded at FVTPL.

Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in Statement of profit and loss.

### **C. Measurement categories of financial assets and liabilities**

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

- i) Amortised cost
- ii) FVOCI
- iii) FVTPL

## **3.3 Financial assets and liabilities**

### **A. Financial assets**

#### **Business model assessment**

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

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

- a) How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Company's key management personnel.
- b) The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed.
- c) The expected frequency, value and timing of sales are also important aspects of the Company's assessment.

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

#### **Solely payments of principal and interest (SPPI) test**

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

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

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

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

Accordingly, financial assets are measured as follows:

i) Financial assets carried at amortised cost ('AC')

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

ii) Financial assets measured at FVOCI

A financial asset is measured at FVOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

iii) Financial assets measured at FVTPL

A financial asset which is not classified in any of the above categories are measured at FVTPL.

iv) Investment in subsidiaries

The Company has accounted for its investments in subsidiaries at cost less impairment, if any.

**B. Financial liabilities**

i) Subsequent measurement

Financial liabilities are carried at amortized cost using the effective interest method.

**3.4 Reclassification of financial assets and liabilities**

The Company does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified. The Company did not

reclassify any of its financial assets or liabilities in the year ended 31 March 2020 and 31 March 2019.

### 3.5 Derecognition of financial assets and liabilities

#### i) Financial assets

##### A. Derecognition of financial assets due to substantial modification of terms and conditions

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

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

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the contractual rights to the cash flows from the financial asset expires or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. On derecognition of a financial asset in its entirety, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in the statement of profit and loss.

#### ii) Financial liabilities

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

### 3.6 Impairment of financial assets

#### A. Overview of ECL principles

In accordance with Ind AS 109, the Company uses ECL model, for evaluating impairment of financial assets other than those measured at FVTPL.

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

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

from all possible default events over the life of the financial instrument)

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

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

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

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

**Stage 3:** Loans considered credit impaired are the loans which are past due for more than 90 days. The Company records an allowance for life time ECL.

Based on the above, the Company categorizes its investments and balances with banks into Stage 1, Stage 2 and Stage 3, as described below:

**Stage 1:** When investments and balances with banks are first recognised, it is categorised as Stage 1. Stage 1 would include all investments and balances with bank, not impaired or, have not experienced a significant increase in credit risk since initial recognition.

**Stage 2:**

- For facilities with rating grade AAA to B, three notch downgrades (without modifiers) shall be taken as stage 2.
- Any financial instrument with rating grade CCC or below classified as Stage 2 at origination.

**Stage 3:** All the investments and balances with banks will be considered as credit impaired which are past due for more than 90 days.

## B. Calculation of ECLs

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

**PD:** Probability of Default ('PD') is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio. For investments and balances with banks, the Company uses external ratings for determining the PD of respective instruments.

**EAD:** Exposure at Default ('EAD') is an estimate of the amount outstanding when the borrower defaults. It is the total amount of an asset the entity is exposed to at the time of default. It is defined based on characteristics of the asset.

**LGD:** Loss Given Default ('LGD') is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

The Company has calculated PD, EAD and LGD to determine impairment loss on the portfolio of loans. At every reporting date, the above calculated PDs, EAD and LGDs are reviewed and changes in the forward looking estimates are analysed.

The mechanics of the ECL method are summarised below:

**Stage 1:** The 12 months ECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Company calculates the 12 months ECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-months default probabilities are applied to a EAD and multiplied by the expected LGD.

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

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

#### C. Forward looking information

In its ECL models, the Company relies on a broad range of forward looking macro parameters and estimated the impact on the default at a given point of time.

i) Gross fixed investment (% of GDP)

### 3.7 Write-offs

Financial assets are written off when there are no prospects of recovery which are subject to management decision. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to other income in the statement of profit and loss.

### 3.8 Determination of fair value

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

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

- **Level 1 financial instruments:** Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Company has access to at the measurement date. The Company considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date;
- **Level 2 financial instruments:** Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads; and market-corroborated inputs.
- **Level 3 financial instruments:** Those that include one or more unobservable input that is significant to the measurement as whole.

### 3.9 (I) Recognition of other income

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

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

**Step 1:** Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

**Step 2:** Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

**Step 3:** Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

**Step 4:** Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of

consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

**Step 5:** Recognise revenue when (or as) the Company satisfies a performance obligation

**A. Other interest income**

Interest income on security deposits and FD is recognised on a time proportionate basis.

**B. Fees and other income**

Processing fees not considered in EIR, service income, bounce charges, penal charges and foreclosure charges etc. are recognised on point in time basis.

**3.9 (II) Recognition of other expense**

**A. Borrowing costs**

Borrowing costs are the interest and other costs that the Company incurs in connection with the borrowing of funds. Borrowing costs that are directly attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

All other borrowing costs are charged to the statement of profit and loss for the period for which they are incurred.

**3.10 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.

**3.11 Property, plant and equipment**

Property, plant and equipment ('PPE') are carried at cost, less accumulated depreciation and impairment losses, if any. The cost of PPE comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use and other incidental expenses. Subsequent expenditure on PPE after its purchase is capitalized only if it is probable that the future economic benefits will flow to the enterprise and the cost of the item can be measured reliably.

Depreciation is calculated using the straight line method to write down the cost of property and equipment to their residual values over their estimated useful lives as specified under schedule II of the Act. Land is not depreciated.



The estimated useful lives are, as follows:

- i) Computer Equipments - 3 years
- ii) Office equipment - 5 years
- iii) Furniture and fixtures - 10 years

Depreciation is provided on a pro-rata basis from the date on which such asset is ready for its intended use.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

PPE is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in other income / expense in the statement of profit and loss in the year the asset is derecognised.

### 3.12 Intangible assets

The Company's intangible assets include the value of software. An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Company.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values over their estimated useful lives (three years) using the straight-line method, and is included in depreciation and amortisation in the statement of profit and loss.

### 3.13 Impairment of non financial assets - property, plant and equipments and intangible assets

The carrying values of assets / cash generating units at the each balance sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and if the carrying amount of these assets exceeds their recoverable amount, impairment loss is recognised in the statement of profit and loss as an expense, for such excess amount. The recoverable amount is the greater of the net selling price and value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the statement of profit and loss.

### 3.14 Leases

Ind AS 116 - Leases sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. The company has opted for two recognition exemptions for lessees:

- Leases of 'low-value' assets (e.g., personal computers)
- And short-term leases (i.e., leases with a lease term of 12 months or less).

At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset (cost model).

The Company has Lease agreements for taking office premises along with furniture and fixtures as applicable and premises on rental basis range of 36 months to 60 months wherein the Company is a lessee.

### 3.15 Retirement and other employee benefits

#### Defined contribution plans

The Company's contribution to provident fund and employee state insurance scheme are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

#### Defined benefit plans

The Company pays gratuity to the employees whoever has completed five years of service with the Company at the time of resignation / retirement. The gratuity is paid @15 days salary for every completed year of service as per the Payment of Gratuity Act, 1972.

The liability in respect of gratuity and other post-employment benefits is calculated using the Projected Unit Credit Method and spread over the period during which the benefit is expected to be derived from employees' services.

As per Ind AS 19, the service cost and the net interest cost are charged to the statement of profit and loss. Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in OCI.

## Short-term employee benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages etc. and the expected cost of ex-gratia are recognised in the period in which the employee renders the related service. A liability is recognised for the amount expected to be paid when there is a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

### 3.16 Provisions, contingent liabilities and contingent assets

#### A. Provisions

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

#### B. Contingent liability

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

#### C. Contingent asset

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

### 3.18 Taxes

#### A. 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. Current tax is the amount of tax payable on the taxable income for the period as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or equity.

## B. Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the standalone financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The carrying amount of deferred tax liabilities and assets are reviewed at the end of each reporting period.

A deferred tax asset is recognised for the carryforward of unused tax losses and accumulated depreciation to the extent that it is probable that future taxable profit will be available against which the unused tax losses and accumulated depreciation can be utilised.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or equity.

Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off.

## C. Goods and services tax paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the goods and services tax paid, except when the tax incurred on a purchase of assets or availing of services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

## 3.19 Earnings per share

Basic earnings per share ('EPS') is computed by dividing the profit after tax (i.e. profit attributable to ordinary equity holders) by the weighted average number of equity shares outstanding during the year.

Diluted EPS is computed by dividing the profit after tax (i.e. profit attributable to ordinary equity holders) as adjusted for after-tax amount of dividends and interest recognised in the period in respect of the dilutive potential ordinary shares and is adjusted for any other changes in income or expense that would result from the conversion of the dilutive potential ordinary shares, by the weighted average number of equity shares considered for deriving basic earnings per share as increased by the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits, right issue and bonus shares, as appropriate.

### 3.20 Dividends on ordinary shares

The Company recognises a liability to make cash or non-cash distributions to equity holders of the Company when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the Act, final dividend is authorised when it is approved by the shareholders and interim dividend is authorised when it is approved by the Board of Directors of the Company. A corresponding amount is recognised directly in equity.

Non-cash distributions are measured at the fair value of the assets to be distributed with fair value re-measurement recognised directly in equity.

Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in the statement of profit and loss.

### 3.21 Cash flow statement

Cash flows are reported using the indirect method as prescribed under Ind AS 7, whereby profit before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

Notes forming part of the standalone financial statements (Continued)  
as at 31 March 2020

Amounts in ₹ lakhs

Particulars	As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
<b>4 Cash and Cash Equivalents</b>			
Cash on hand *	-	0.00	0.23
Balance with banks			
- In current accounts	780.19	83.71	123.79
- In fixed deposits (with original maturity of 3 months or less)	-	35.00	-
<b>Total</b>	<b>780.19</b>	<b>118.71</b>	<b>124.02</b>
* Less than ₹ 0.01 lakh			
<b>5 Bank balance other than Cash and Cash Equivalents above</b>			
Fixed deposits (with original maturity of more than 3 months) #	3,783.56	4,139.58	5,498.56
Less: Allowance for impairment loss	(11.83)	(1.95)	(6.66)
<b>Total</b>	<b>3,771.73</b>	<b>4,137.63</b>	<b>5,491.90</b>
# ₹ 15 lakhs (As at 31 March 2019 : ₹ 15 lakhs) (As at 01 April 2018 : ₹ 10 lakhs) earmarked for guarantee provided for lease of tablets.			
<b>6 Other Receivables</b>			
Trade receivables	-	-	-
Other receivables	11.52	13.10	0.66
<b>Total</b>	<b>11.52</b>	<b>13.10</b>	<b>0.66</b>
Secured - Considered good	-	-	-
Unsecured - Considered good	11.52	13.10	0.66
Receivables which have significant increase in Credit Risk	-	-	-
Receivables - credit impaired	-	-	-
<b>Total - Gross</b>	<b>11.52</b>	<b>13.10</b>	<b>0.66</b>
(Less): Impairment loss allowance	-	-	-
<b>Total - Net</b>	<b>11.52</b>	<b>13.10</b>	<b>0.66</b>

## 7 Loans

### Loans at amortised cost

Term Loans	14,236.46	5,200.65	113.43
<b>Total (A) - Gross</b>	<b>14,236.46</b>	<b>5,200.65</b>	<b>113.43</b>
(Less): Impairment loss allowance	(1,616.96)	(245.84)	(0.45)
<b>Total (A) - Net</b>	<b>12,619.50</b>	<b>4,954.81</b>	<b>112.98</b>
Secured by tangible assets	2,136.76	-	-
Secured by intangible assets	-	-	-
Covered by bank/government guarantees	-	-	-
Unsecured	12,099.70	5,200.65	113.43
<b>Total (B) - Gross</b>	<b>14,236.46</b>	<b>5,200.65</b>	<b>113.43</b>
(Less): Impairment loss allowance	(1,616.96)	(245.84)	(0.45)
<b>Total (B) - Net</b>	<b>12,619.50</b>	<b>4,954.81</b>	<b>112.98</b>
Loans in India			
- Public sector	-	-	-
- Others	14,236.46	5,200.65	113.43
<b>Loans within India - Gross</b>	<b>14,236.46</b>	<b>5,200.65</b>	<b>113.43</b>
(Less): Impairment loss allowance	(1,616.96)	(245.84)	(0.45)
<b>Loans within India - Net - (C)(i)</b>	<b>12,619.50</b>	<b>4,954.81</b>	<b>112.98</b>
Loans Outside India (C) (ii)	-	-	-
<b>Total (C) - Gross</b>	<b>14,236.46</b>	<b>5,200.65</b>	<b>113.43</b>
(Less): Impairment loss allowance	(1,616.96)	(245.84)	(0.45)
<b>Total (C) - Net</b>	<b>12,619.50</b>	<b>4,954.81</b>	<b>112.98</b>
<b>Loans at fair value through profit and loss</b>			
Loans	-	-	-
<b>Total (D)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Loans outside India	-	-	-
Loans in India	-	-	-
<b>Total (D)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Grand total - Gross [(A) + (D)]</b>	<b>14,236.46</b>	<b>5,200.65</b>	<b>113.43</b>
<b>Grand total - Net [(C) + (D)]</b>	<b>12,619.50</b>	<b>4,954.81</b>	<b>112.98</b>

### 7.1 An analysis of changes in the gross carrying amount and the corresponding ECL allowances

	As at 31 March 2020				As at 31 March 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	4,860.10	231.72	108.83	5,200.65	113.43	-	-	113.43
Assets derecognised or repaid (excluding write offs)	2,840.77	23.63	7.93	2,872.33	73.45	-	-	73.45
Transfers from Stage 1	(611.23)	145.11	466.12	-	-	-	-	-
Transfers from Stage 2	-	(59.75)	59.75	-	-	-	-	-
Transfers from Stage 3	-	-	-	-	-	-	-	-
Amounts written off	22.44	135.98	93.62	252.04	-	-	-	-
New assets originated*	11,908.24	93.22	158.72	12,160.18	4,820.12	231.72	108.83	5,160.67
<b>Gross carrying amount closing balance</b>	<b>13,293.90</b>	<b>250.69</b>	<b>691.87</b>	<b>14,236.46</b>	<b>4,860.10</b>	<b>231.72</b>	<b>108.83</b>	<b>5,200.65</b>

\* New assets originated are those assets which have either remained in stage 1 or have become stage 2 or 3 at the year end.

### 7.2 Reconciliation of ECL balance is given below:

	As at 31 March 2020				As at 31 March 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	47.60	124.74	73.50	245.84	0.45	-	-	0.45
Addition during the year	787.57	132.31	615.53	1,535.41	47.15	124.74	73.50	245.39
Reversal during the year	(9.53)	(81.26)	(73.50)	(164.29)	-	-	-	-
<b>ECL allowance - closing balance</b>	<b>825.64</b>	<b>175.79</b>	<b>615.53</b>	<b>1,616.96</b>	<b>47.60</b>	<b>124.74</b>	<b>73.50</b>	<b>245.84</b>

Increase in ECLs of the portfolio was driven by an increase in the gross size of the portfolio and movements between stages as a result of increases in credit risk.

Notes forming part of the standalone financial statements (Continued)  
as at 31 March 2020

Amounts in ₹ lakhs

8 Investments

Particulars	At cost	At amortised cost	At fair value through profit and loss	Total
<b>As at 31 March 2020</b>				
Investment in NCDs	-	2,143.75	-	2,143.75
Investment in Mutual funds	-	-	3,845.38	3,845.38
Investment in Subsidiary **	829.42	-	-	829.42
<b>Total (A) - Gross</b>	<b>829.42</b>	<b>2,143.75</b>	<b>3,845.38</b>	<b>6,818.55</b>
Less: Allowance for impairment loss	-	(69.65)	-	(69.65)
<b>Total (A) - Net</b>	<b>829.42</b>	<b>2,074.10</b>	<b>3,845.38</b>	<b>6,748.90</b>
Investments outside India	-	-	-	-
Investments in India	829.42	2,143.75	3,845.38	6,818.55
<b>Total (B) - Gross</b>	<b>829.42</b>	<b>2,143.75</b>	<b>3,845.38</b>	<b>6,818.55</b>
Less: Allowance for impairment loss	-	(69.65)	-	(69.65)
<b>Total (B) - Net</b>	<b>829.42</b>	<b>2,074.10</b>	<b>3,845.38</b>	<b>6,748.90</b>
<b>As at 31 March 2019</b>				
Investment in NCDs	-	10,814.11	-	10,814.11
Investment in Commercial papers	-	-	-	-
Investment in Mutual funds	-	-	5,085.16	5,085.16
<b>Total (A) - Gross</b>	<b>-</b>	<b>10,814.11</b>	<b>5,085.16</b>	<b>15,899.27</b>
Less: Allowance for impairment loss	-	(2.46)	-	(2.46)
<b>Total (A) - Net</b>	<b>-</b>	<b>10,811.65</b>	<b>5,085.16</b>	<b>15,896.81</b>
Investments outside India	-	-	-	-
Investments in India	-	10,814.11	5,085.16	15,899.27
<b>Total (B) - Gross</b>	<b>-</b>	<b>10,814.11</b>	<b>5,085.16</b>	<b>15,899.27</b>
Less: Allowance for impairment loss	-	(2.46)	-	(2.46)
<b>Total (B) - Net</b>	<b>-</b>	<b>10,811.65</b>	<b>5,085.16</b>	<b>15,896.81</b>
<b>As at 31 April 2018</b>				
Investment in NCDs	-	10,816.40	-	10,816.40
Investment in Commercial papers	-	5,331.92	-	5,331.92
Investment in Mutual funds	-	-	3,689.31	3,689.31
<b>Total (A) - Gross</b>	<b>-</b>	<b>16,148.32</b>	<b>3,689.31</b>	<b>19,837.63</b>
Less: Allowance for impairment loss	-	(25.99)	-	(25.99)
<b>Total (A) - Net</b>	<b>-</b>	<b>16,122.33</b>	<b>3,689.31</b>	<b>19,811.64</b>
Investments outside India	-	-	-	-
Investments in India	-	16,148.32	3,689.31	19,837.63
<b>Total (B) - Gross</b>	<b>-</b>	<b>16,148.32</b>	<b>3,689.31</b>	<b>19,837.63</b>
Less: Allowance for impairment loss	-	(25.99)	-	(25.99)
<b>Total (B) - Net</b>	<b>-</b>	<b>16,122.33</b>	<b>3,689.31</b>	<b>19,811.64</b>

\*\* As per para 10 of Ind AS 27, the Company has opted to value the investments in subsidiary entity at cost.



Notes forming part of the standalone financial statements (Continued)  
as at 31 March 2020

Amounts in ₹ lakhs

9 Other Financial Assets

Particulars	As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
Security deposits	33.66	28.99	0.32
Advances to Employees	0.99	-	-
Other Assets	14.79	-	-
<b>Total</b>	<b>49.44</b>	<b>28.99</b>	<b>0.32</b>

Amounts in ₹ lakhs

10 Property, Plant and Equipment & Intangible Assets

<b>FY 2019-20</b>										
	GROSS BLOCK			As at 31-Mar-20	DEPRECIATION / AMORTISATION			As at 31-Mar-20	NET BLOCK	
	As at 31-Mar-19	Additions	Deletions/ Adjustments		As at 31-Mar-19	For the year	Deductions/ Adjustments		As at 31-Mar-20	As at 31-Mar-19
<b>Property, Plant and Equipment</b>										
Leasehold improvements	0.30	-	-	0.30	0.30	-	-	0.30	-	-
Furniture and fixtures	3.04	-	-	3.04	0.31	0.32	-	0.63	2.41	2.73
Office equipments	10.30	-	-	10.30	2.43	2.35	-	4.78	5.52	7.87
Computer equipments	49.87	1.94	-	51.81	15.13	19.15	-	34.28	17.53	34.74
<b>Total (A)</b>	63.51	1.94	-	65.45	18.17	21.82	-	39.99	25.46	45.34
<b>Intangible assets</b>										
Computer software	705.36	14.67	-	720.03	242.31	253.45	-	495.76	224.27	463.05
<b>Total (B)</b>	705.36	14.67	-	720.03	242.31	253.45	-	495.76	224.27	463.05
<b>GRAND TOTAL (A+B)</b>	768.87	16.61	-	785.48	260.48	275.27	-	535.75	249.73	508.39
Previous year										
<b>Intangible under development</b>	1.32	1.56	-	2.88	-	-	-	-	2.88	1.32

<b>FY 2018-19</b>										
	GROSS BLOCK			As at 31-Mar-19	DEPRECIATION / AMORTISATION			As at 31-Mar-19	NET BLOCK	
	As at 01-Apr-18	Additions	Deletions/ Adjustments		As at 01-Apr-18	For the year	Deductions/ Adjustments		As at 31-Mar-19	As at 01-Apr-18
<b>Property, Plant and Equipment</b>										
Leasehold improvements	0.30	-	-	0.30		0.30	-	0.30	-	0.30
Furniture and fixtures	3.04	-	-	3.04		0.31	-	0.31	2.73	3.04
Office equipments	9.19	1.11	-	10.30		2.43	-	2.43	7.87	9.19
Computer equipments	28.46	21.41	-	49.87		15.13	-	15.13	34.74	28.46
<b>Total (A)</b>	40.99	22.52	-	63.51	-	18.17	-	18.17	45.34	40.99
<b>Intangible assets</b>										
Computer software	595.73	109.63	-	705.36		242.31	-	242.31	463.05	595.73
<b>Total (B)</b>	595.73	109.63	-	705.36	-	242.31	-	242.31	463.05	595.73
<b>GRAND TOTAL (A+B)</b>	636.72	132.15	-	768.87	-	260.48	-	260.48	508.39	636.72
Previous year										
<b>Intangible under development</b>	51.35	-	50.03	1.32	-	-	-	-	1.32	51.35

Notes forming part of the standalone financial statements (Continued)  
as at 31 March 2020

Amounts in ₹ lakhs

Particulars	As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
<b>11 Other Non financial Assets</b>			
Prepaid expenses	61.62	58.02	50.76
Advance to Vendors	3.04	1.66	8.25
Duties and taxes	236.58	165.80	93.42
<b>Total</b>	<b>301.24</b>	<b>225.48</b>	<b>152.43</b>
<b>12 Trade payables</b>			
a) total outstanding dues of micro enterprises and small enterprises #	11.96	13.31	2.88
b) total outstanding dues of creditors other than micro enterprises and small enterprises	82.63	61.05	94.40
<b>Total (B)</b>	<b>94.59</b>	<b>74.36</b>	<b>97.28</b>
# Trade payables includes ₹ 11.96 lakhs (Previous year ₹ 13.31 lakhs) payable to 'Suppliers' registered under the Micro, Small and Medium Enterprises Development Act, 2006. No interest has been paid / is payable by the Company during the year to 'Suppliers' registered under this act. (Refer note no.36)			
<b>13 Other financial liabilities</b>			
Deposit for directorship	-	-	3.00
Payable to related parties	-	-	3.11
Lease liability	218.03	289.22	-
Contingent consideration	43.37	-	-
<b>Total</b>	<b>261.40</b>	<b>289.22</b>	<b>6.11</b>
<b>14 Provisions</b>			
<b>Provisions for employee benefits</b>			
Gratuity	27.12	19.66	7.73
Bonus	11.18	91.00	125.32
Provision for expenses	223.37	121.36	31.81
Provision for capital expenses	-	-	64.72
<b>Total</b>	<b>261.67</b>	<b>232.02</b>	<b>229.58</b>
<b>15 Other non financial liabilities</b>			
Statutory dues payable	35.39	36.88	39.06
Revenue received in advance	0.10	-	-
<b>Total</b>	<b>35.49</b>	<b>36.88</b>	<b>39.06</b>

Notes forming part of the standalone financial statements (Continued)  
as at 31 March 2020

Amounts in ₹ lakhs

16 Equity

Particulars	As at 31 March 2020		As at 31 March 2019		As at 01 April 2018	
	Number	₹ in lakhs	Number	₹ in lakhs	Number	₹ in lakhs
<b>Authorised shares</b>						
89,000,000 Equity Shares of ₹ 10 each (As at 31 March 2019: 89,000,000 Equity Shares of ₹ 10 each) (As at 1 April 2018: 89,000,000 Equity Shares of ₹ 10 each)	8,90,00,000	8,900.00	8,90,00,000	8,900.00	8,90,00,000	8,900.00
9,000,000 Preference Shares of ₹ 10 each (As at 31 March 2019: 9,000,000 Preference Shares of ₹ 10 each) (As at 1 April 2018: 9,000,000 Preference Shares of ₹ 10 each)	90,00,000	900.00	90,00,000	900.00	90,00,000	900.00
<b>Issued, subscribed &amp; fully paid-up shares</b>						
85,985,475 Equity Shares of ₹ 10 each (As at 31 March 2019: 84,766,883 Equity Shares of ₹ 10 each) (As at 1 April 2018: 80,034,450 Equity Shares of ₹ 10 each)	8,59,85,475	8,598.55	8,47,66,883	8,476.69	8,00,34,450	8,003.45
0.001% Compulsorily Convertible Non-Cumulative Preference shares of Rs.10 each (As at 31 March 2020 : Nil) (As at 31 March 2019: Nil) (As at 1 April 2018: 4,732,433)	-	-	-	-	47,32,433	473.24
<b>Total</b>	<b>8,59,85,475</b>	<b>8,598.55</b>	<b>8,47,66,883</b>	<b>8,476.69</b>	<b>8,47,66,883</b>	<b>8,476.69</b>

a) Reconciliation of the number of equity shares outstanding at the beginning and at the end of the year.

Particulars	As at 31 March 2020		As at 31 March 2019		As at 01 April 2018	
	Number	₹ in lakhs	Number	₹ in lakhs	Number	₹ in lakhs
Outstanding at the beginning of the year	8,47,66,883	8,476.69	8,00,34,450	8,003.45	8,00,34,450	8,003.45
Issued during the year	12,18,592	121.86	-	-	-	-
Preference shares converted into equity shares	-	-	47,32,433	473.24	-	-
<b>Outstanding at the end of the year</b>	<b>8,59,85,475</b>	<b>8,598.55</b>	<b>8,47,66,883</b>	<b>8,476.69</b>	<b>8,00,34,450</b>	<b>8,003.45</b>

b) Conversion of Preference Share

The Board of Directors, at its meeting held on 28 May 2018 approved allotment of 4,732,433 equity shares to a non-promoter investor pursuant to conversion option exercised by the investor in respect of 4,732,433 CCCPS held by it in the Company.

c) Terms and rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend, if any in Indian Rupees. The dividend proposed by the Board of Directors is subject to approval of shareholders in the ensuing Annual General Meeting.

During the Year ended 31 March 2020, the amount of per share dividend recognised as distributions to Equity Shareholders was Nil (P.Y). In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. However, no such preferential amounts exists currently. The distribution will be in proportion to the number of equity shares held by the shareholder.

d) Terms and rights attached to preference shares

Compulsorily Convertible Non-Cumulative Preference Shares ('CCCPS') are convertible into one equity share of the Company of face value of Rs. 10 each. The CCCPS holders have a right to receive dividend, prior to the equity shareholders. Dividends is paid @ 0.001% on a non cumulative basis. In the event of liquidation, the CCCPS shareholders will carry a preferential right over the holder of equity shares for payment of dividend and for payment of capital, in proportion to their shareholding. CCCPS holders enjoy such voting rights as available to them under the Act. CCCPS shall be converted into equity shares at the option of the CCCPS holders on or before 2nd September 2018.

**Allotment wise conversion dates for CCCPS**

Year ended			
Date of Allotment	Date of Conversion	No. of shares	₹ in lakhs
02 March 2017	28 May 2018	47,32,433	473.24

**e) Details of Equity shares held by each shareholder holding more than 5% Equity shares:**

Class of shares / Name of shareholder	As at 31 March 2020		As at 31 March 2019		As at 01 April 2018	
	Number	%	Number	%	Number	%
Equity shares						
Information Interface India Private Limited	3,44,35,567	40.05	3,37,02,494	39.76	3,35,21,995	41.88
Strategic India Equity Fund	1,27,59,925	14.84	1,28,94,183	15.21	86,46,750	10.80
WF Asian Reconnaissance Fund Limited	1,21,69,500	14.15	1,21,69,500	14.36	1,21,69,500	15.21
Vikasa India EIF I Fund	71,20,067	8.28	73,25,450	8.64	73,77,850	9.22
Carmignac Portfolio	64,05,000	7.45	64,05,000	7.56	64,05,000	8.00
Alchemy India Long Term Fund Limited	27,65,400	3.22	42,59,875	5.03	44,83,000	5.60
	<b>7,56,55,459</b>	<b>87.99</b>	<b>7,67,56,502</b>	<b>90.56</b>	<b>7,26,04,095</b>	<b>90.71</b>

**e) Details of CCCPS held by each shareholder holding more than 5% CCCPS:**

Class of shares / Name of shareholder	As at 31 March 2020		As at 31 March 2019		As at 01 April 2018	
	Number	%	Number	%	Number	%
Strategic India Equity Fund	-	-	-	-	47,32,433	100.00
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>47,32,433</b>	<b>100.00</b>

**e) No Bonus shares have been issued during the year and in immediately preceding 5 years.**
**f) There has been no buy back of shares during the year and in immediately preceding 5 years.**

Notes forming part of the standalone financial statements (Continued)  
as at 31 March 2020

Amounts in ₹ lakhs

**17 Other equity**

Particulars	As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
Securities premium account	18,812.38	18,297.33	18,297.33
Retained earnings	(3,882.09)	(1,564.73)	(747.33)
Employee stock option reserve	670.03	374.11	-
Special Reserve under section 45 IC of RBI Act, 1934	1.89	1.89	1.89
<b>TOTAL</b>	<b>15,602.21</b>	<b>17,108.59</b>	<b>17,551.89</b>

Particulars	As at 31 March 2020	As at 31 March 2019
<b>Securities premium account</b>		
Opening balance	18,297.33	18,297.33
Add: Changes during the year	515.05	-
Closing balance	18,812.38	18,297.33
<b>Retained earnings</b>		
Opening balance	(1,564.73)	(747.33)
Add: Loss for the year	(2,329.31)	(818.09)
Add: Other comprehensive income for the year	11.95	0.69
Less: Transfer to Special Reserve under section 45 IC of RBI Act, 1934	-	-
Add: Transfer from share based payment reserve	-	-
Closing balance	(3,882.09)	(1,564.73)
<b>Employee stock option reserve</b>		
Opening balance	374.11	-
Add: Charge during the year	295.92	374.11
Closing balance	670.03	374.11
<b>Special Reserve under section 45 IC of RBI Act, 1934</b>		
Opening balance	1.89	1.89
Add/(Less) : Transfer to special reserve	-	-
Closing balance	1.89	1.89
<b>Total</b>	<b>15,602.21</b>	<b>17,108.59</b>

**Nature and purpose of the reserve**

**a) Securities premium**

Securities premium reserve is used to record the premium on issue of shares. 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.

**b) Retained earnings**

Retained earnings represents the deficit in profit and loss account.

The Company recognises change on account of remeasurement of the net defined benefit liability/(asset) as part of retained earnings with separate disclosure, which comprises of actuarial gains and losses.

**c) Employee stock option reserve**

The share options outstanding account reserve is used to recognise the grant date fair value of options issued to employees under the Company's ESOP 2018 plan. Please refer note 30 for the details of the plan.

**d) Special Reserve under section 45 IC of RBI Act, 1934**

Special reserve is created as per the requirement of RBI at the rate of 20% of the profit after tax for the year.

Notes forming part of the standalone financial statements (Continued)  
for the year ended 31 March 2020

Amounts in ₹ lakhs

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
<b>18 Interest income</b>		
On financial assets measured at amortised costs:		
Interest on loans	1,504.64	461.48
Interest on Investments	643.71	1,284.55
Interest on deposits with banks	317.98	366.91
Interest income on security deposit	2.44	1.91
<b>Total</b>	<b>2,468.77</b>	<b>2,114.85</b>
<b>19 Fees and Commission Income</b>		
Processing fees on loan	5.71	-
<b>Total</b>	<b>5.71</b>	<b>-</b>
<b>20 Net gain / (loss) on fair value changes</b>		
Net gain/(loss) on financial instruments at FVTPL		
Gain on mutual fund investments	266.68	163.97
<b>Total (A)</b>	<b>266.68</b>	<b>163.97</b>
Fair Value changes:		
Realised gain/(loss)	206.35	148.08
Unrealised gain/(loss)	60.33	15.89
<b>Total (B)</b>	<b>266.68</b>	<b>163.97</b>
<b>21 Others</b>		
Bounce charges	2.15	0.96
Penal charges	3.69	1.28
Foreclosure charges	6.38	1.31
<b>Total</b>	<b>12.22</b>	<b>3.55</b>
<b>22 Other income</b>		
Provision write back	-	2.86
Sale of service	3.75	-
Bad debt recovery	3.73	-
Derecognition gain on leases	1.69	-
<b>Total</b>	<b>9.17</b>	<b>2.86</b>
<b>23 Finance cost</b>		
Interest expenses on lease liability	28.70	20.83
<b>Total</b>	<b>28.70</b>	<b>20.83</b>
<b>24 Impairment on financial instruments</b>		
On financial instruments measured at amortised cost:		
Loans	1,623.17	245.39
Investments	77.08	(28.24)
<b>Total</b>	<b>1,700.25</b>	<b>217.15</b>

**25 Employee benefit expenses**

Salaries	1,282.06	1,098.44
Contribution to provident fund	60.51	40.83
Employee stock option expense (Refer Note No.30 on ESOP)	389.23	374.11
Staff welfare expenses	16.02	13.38
Gratuity Expense	19.41	12.61
<b>Total</b>	<b>1,767.23</b>	<b>1,539.37</b>

**26 Depreciation and amortization**

Depreciation on Property, plant and equipment	21.82	18.17
Amortisation of Intangible assets	253.45	242.31
Amortisation of Right of use asset	69.36	47.05
<b>Total</b>	<b>344.63</b>	<b>307.53</b>

**27 Other expenses**

Legal and professional fees	324.48	249.73
Technology and software expenses	358.05	351.03
Commission and brokerage	62.43	10.47
Business development expenses	165.25	172.41
Training and recruitment	24.59	20.44
Lease rent	0.26	29.54
Loan origination cost	86.41	41.70
Office and administrative expenses	29.28	27.01
Travelling and conveyance	52.28	26.01
Director sitting fees	20.50	12.73
Payments to auditors	52.08	15.66
Communication expenses	8.71	7.00
Printing and stationery expenses	3.63	4.39
Annual listing fees	4.12	8.22
Repairs and maintenance	2.17	14.52
Net loss on foreign exchange transactions and translation	-	0.03
Advertisement and publicity	1.30	0.99
Miscellaneous expenses	38.70	14.93
Insurance expenses	16.81	11.63
<b>Total</b>	<b>1,251.05</b>	<b>1,018.44</b>

**Breakup of Auditors' remuneration**

Statutory Audit	21.75	6.00
Limited review	18.00	6.00
Tax audit	1.00	1.00
Other Services	5.00	1.50
Out of pocket expenses (including taxes)	6.33	1.16
<b>Total</b>	<b>52.08</b>	<b>15.66</b>

**28 Income tax assets**

Particulars	As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
Tax deducted at source	129.45	57.90	18.59
Less: Provision for tax	-	-	-
<b>Total</b>	<b>129.45</b>	<b>57.90</b>	<b>18.59</b>

Notes forming part of the standalone financial statements (Continued)  
for the year ended 31 March 2020

Amounts in ₹ lakhs

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
<b>29 Earnings per share (EPS)</b>		
<b>a) The basic earnings per share has been calculated based on the following:</b>		
Net profit after tax available for equity shareholders	(2,329.31)	(818.09)
Weighted average number of equity shares	8,54,86,876	8,40,27,846
<b>b) The reconciliation between the basic and the diluted earnings per share is as follows:</b>		
Basic earnings per share (₹)	(2.72)	(0.97)
Effect of dilution	-	-
Diluted earnings per share (₹)	(2.72)	(0.97)
<b>c) Weighted average number of equity shares is computed for the purpose of calculating diluted earning per share, after giving the dilutive impact of the outstanding stock options for the respective years.</b>		
Weighted average number of shares for computation of Basic EPS	8,54,86,876	8,40,27,846
Dilutive effect of outstanding stock options	9,54,973	8,08,889
Dilutive effect of Contingent Consideration	92,483	-
Anti Dilutive potential outstanding stock options	(9,54,973)	(8,08,889)
Anti Dilutive potential Contingent Consideration	(92,483)	-
Weighted average number of shares for computation of Diluted EPS	8,54,86,876	8,40,27,846



Notes forming part of the standalone financial statements (Continued)  
for the year ended 31 March 2020

Amounts in ₹ lakhs

**30 Employee share based payments**

**a) Employee stock option scheme (equity settled)**

In accordance with resolution approved by the shareholders, during the year ended 31 March 2019, the Company has reserved shares for issue to employees through Niyogin Employee Stock Option Plan 2018 (the Scheme). Nomination and Remuneration Committee ('NRC') has approved the Scheme on 28 May 2018 and the shareholders approval was received on 8 July 2018.

As per the term of the Scheme, the Company may issue stock options to employees and directors of the Company, each of which is convertible into one equity share. Such options are exercisable for a period following vesting at the discretion of the NRC, subject to a maximum of five years from the date of vesting of ESOPs.

The Company uses fair value method to account for the compensation cost of stock options to employees of the Company.

**b)** The Company introduced ESOP scheme which covers eligible employees of the Company. The vesting of the options is from expiry of one year till three years as per Plan. Each Option entitles the holder thereof to apply for and be allotted/transferred one Equity Share of the Company upon payment of the exercise price during the exercise period.

Details of scheme of Employee Stock Option Plans are as under :

Tranch details	No. of options	Date of Grant	Price of Underlying Stock (₹)	Exercise Price (₹)
I	2,37,110	13-Aug-18	89.44	10.00
II	6,74,296	05-Sep-18	134.13	10.00
III	7,153	11-Feb-19	60.96	10.00
IV	5,37,473	09-Aug-19	43.67	10.00
V	8,884	23-Jan-20	34.65	10.00

Set out below is a summary of options granted under the plan:

Particulars	Year ended 31 March 2020		Year ended 31 March 2019	
	Average exercise	Number of options	Average exercise	Number of options
Outstanding at the beginning of the year	10	9,06,605	-	-
Granted during the year	10	5,46,357	10	9,18,559
Exercised during the year	10	(75,697)	-	-
Forfeited during the year	-	-	-	-
Lapsed during the year	10	(2,25,542)	10	(11,954)
<b>Outstanding at the end of the year</b>	<b>10</b>	<b>11,51,723</b>	<b>10</b>	<b>9,06,605</b>
Exercisable at the end of the year	10	2,01,292	-	-

**c) Fair value of options granted**

The fair value at grant date is determined using the Black Scholes Model which takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The options are granted for no consideration and will vest upon the completion of service condition as specified in scheme in graded manner. Vested options are exercisable for the period of five years after the vesting.

The model inputs for options granted included:

Assumptions / Tranches	Expected - Weighted average volatility (%)	Expected term (In years)	Risk free rate	Fair value	Grant date
I	62.23%	3.50	7.80%	89.44	13-Aug-18
II	66.55%	3.50	8.07%	134.13	05-Sep-18
III	66.38%	1.50	7.20%	60.96	11-Feb-19
IV	70.67%	4.00	6.36%	43.67	09-Aug-19
V	62.75%	1.50	6.63%	34.65	23-Jan-20

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

The yield of Government of India Bond as on the date of Grant has been taken as the risk-free interest rate.

**d) Expense arising from share-based payment transactions**

Total expenses arising from share-based payment transactions recognised in profit or loss as part of employee benefit expense were as follows:

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Employee stock option scheme (equity settled)	389.23	374.11
<b>Total</b>	<b>389.23</b>	<b>374.11</b>

Notes forming part of the standalone financial statements (Continued)  
for the year ended 31 March 2020

Amounts in ₹ lakhs

31. Contingent liabilities and commitments (to the extent not provided for)

(A) Contingent liabilities

There are no contingent liabilities as at 31st March 2020 (As on 31st March 2019: Nil) (As on 01st April 2018: Nil).

(B) Commitments

	As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
I) Estimated amount of contracts remaining to be executed on capital account and not provided for:			
Property, plant and equipment	-	-	-
Intangible assets	-	5.01	11.40

32. Leases:

Disclosures as required under IND AS 116 – Leases

a) On adoption of Ind AS 116, the Company has recognized lease liabilities for all leases which were previously classified as operating leases under earlier GAAP. Ind AS 116 does not provide classification of leases into operating and finance lease for the lessee accounting. The lease liability is measured at present value of the lease payments discounted at incremental borrowing rate as on 1 April 2019. The lessee's incremental rate applied to these lease liabilities on 1 April 2019 is 11%.

Lease liabilities is disclosed under the "Other financial liabilities"

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Interest expense on lease liability	28.70	20.83
<b>Total</b>	<b>28.70</b>	<b>20.83</b>

b) The Company has recognised Right of use (ROU) assets corresponding to the lease liabilities as per the requirements of Ind AS 116. The ROU assets are amortized at SLM basis over the lease term. Reconciliation of Carrying amount of Right of use asset for a lessee as per IND AS 116:

Particulars	Amount in ₹ lakhs
<b>As at 01 April 2018</b>	<b>-</b>
(+) Recognition of Right of use asset during the year	321.68
(-) Amortisation of Right of use asset	47.05
<b>As at 31 March 2019</b>	<b>274.63</b>
(+) Recognition of Right of use asset during the year	7.85
(-) Derecognition of Right of use asset during the year	23.79
(-) Amortisation of Right of use asset	69.36
<b>As at 31 March 2020</b>	<b>189.33</b>

c) Low value lease assets

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Low value lease expense recognised in Profit and Loss	6.48	6.48
<b>Total</b>	<b>6.48</b>	<b>6.48</b>

d) Short term lease: A lease that at the commencement date has a lease term of 12 months or less.

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Short term lease expense recognised in Profit and Loss	0.26	29.54
<b>Total</b>	<b>0.26</b>	<b>29.54</b>

Short term lease commitment

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
For a period of one year from Balance sheet date	1.80	-
<b>Total</b>	<b>1.80</b>	<b>-</b>

e) Cash outflow on lease. (Refer Cash flow statement)

33. Corporate social responsibility ('CSR') expenses:

Provisions of Section 135 of the Act are not applicable to the Company.

34. Segment reporting:

Operating segment are components of the Company whose operating results are regularly reviewed by the Chief Operating Decision Maker ('CODM') to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

The Company is engaged primarily on the business of "Financing" only, taking into account the risks and returns, the organization structure and the internal reporting systems. All the operations of the Company are in India. All non-current assets of the Company are located in India. Accordingly, there are no separate reportable segments as per Ind AS 108 – "Operating segments".

35. Related party disclosures:

(a) Related party disclosures as required by Ind AS 24 - Related Party Disclosures.

## List of related parties and relationships:

Sr. No.	Nature of relationship
1	<b>Subsidiaries</b> Investdirect Capital Services Private Limited MoneyMap Investment Advisors Private Limited
2	<b>Entity having Significant Influence</b> Information Interface India Private Limited
3	<b>Key management personnel</b> Makarand Patankar Kapil Kapoor Sutapa Banerjee Amit Rajpal Eric Wetlaufer Subhasri Sriram w.e.f 23.01.2020 Sucheta Dalal till 06.11.2019
4	<b>Relatives of Key Management Personnel</b> Gaurav Patankar

## Transactions with related parties are as follows:

	Year ended 31 March 2020				
	Subsidiary	Key management personnel	Entity having Significant Influence	Relatives of Key Management Personnel	Total
Expenses incurred	-	-	14.79	10.43	25.22
Remuneration	-	30.00	-	-	30.00
Investment	829.42	-	-	-	829.42
Sitting fees	-	20.50	-	-	20.50

	Year ended 31 March 2019				
	Subsidiary	Key management personnel	Entity having Significant Influence	Relatives of Key Management Personnel	Total
Remuneration	-	30.00	-	-	30.00
Sitting fees	-	12.73	-	-	12.73

## Balances outstanding from related parties are as follows:

	As at 31 March 2020			
	Key management personnel	Subsidiary	Entity having Significant Influence	Total
Recoverable Expenses	-	-	14.79	14.79
Investment	-	829.42	-	829.42

**35 Related party disclosures: (Continued)**

(a) Related party disclosures as required by Ind AS 24 - Related Party Disclosures. (Continued)

Balances outstanding from related parties are as follows: (Continued)

	As at 31 March 2019			
	Key management personnel	Subsidiary	Key management personnel	Total
Remuneration payable	1.69	-	-	1.69

	As at 1 April 2018			
	Key management personnel	Subsidiary	Key management personnel	Total
Recoverable Expenses	-	-	3.11	3.11

All transactions with these related parties are priced on an arm's length basis. None of the balances is secured.

**35 Related party disclosures: (Continued)**

(b) Disclosures as per Regulation 53(f) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements Regulations, 2015).

Loans and advances in the nature of loans to companies in which directors are interested as under:

Sr. No.	Name	As at 31 March 2020	Maximum balance outstanding during the year ended 31 March 2020	As at 31 March 2019	Maximum balance outstanding during the year ended 31 March 2019	As at 1 April 2018
1		N.A	N.A	N.A	N.A	N.A

- 36** Based on and to the extent of the information received by the Company from the suppliers during the year regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'), the total outstanding dues of Micro and Small enterprises, which are outstanding for more than the stipulated period and other disclosures as per the Micro, Small and Medium Enterprises Development Act, 2006 are given below:

	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
Principal amount payable to suppliers as at year-end	11.96	13.31	2.88
Interest due thereon as at year end	-	-	-
Interest amount for delayed payments to suppliers pursuant to provisions of MSMED Act actually paid during the year, irrespective of the year to which the interest relates	-	-	-
Amount of delayed payment actually made to suppliers during the 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 MSMED Act, 2006	-	-	-
Interest accrued and remaining unpaid at the end of the year	-	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises for the purpose of disallowance as a deductible expenditure under the MSMED Act, 2006.	-	-	-

Notes forming part of the standalone financial statements (Continued)  
for the year ended 31 March 2020

Amounts in ₹ lakhs

- 37** As per RBI Master Direction DNBR. PD. 007/03.10.119/2016-17 dated September 1st, 2016, additional disclosures are required in the Annual Financial Statements as follows:

Particulars	As at 31 March 2020		As at 31 March 2019	
	Amount outstanding	Amount overdue	Amount outstanding	Amount overdue
<b>Liabilities side :</b>				
<b>37.1 Loans and advances availed by the NBFCs Inclusive of interest accrued thereon but not paid</b>				
(a) Debentures : Secured	-	-	-	-
: Unsecured (other than falling within the meaning of Public deposits*)	-	-	-	-
(b) Deferred credits	-	-	-	-
(c) Term loans	-	-	-	-
(d) Inter-corporate loans and borrowing	-	-	-	-
(e) Commercial paper	-	-	-	-
(f) Public deposits*	-	-	-	-
(g) Other loans:	-	-	-	-
From banks	-	-	-	-
From a company	-	-	-	-
Security deposits	-	-	-	-
Advances received against loan agreements	-	-	-	-
*Please see note 1 below	-	-	-	-
<b>37.2 Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid) :</b>				
(a) In the form of Unsecured debentures	-	-	-	-
(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	-	-	-	-
*Please see note 1 below	-	-	-	-
<b>Assets side:</b>				
<b>37.3 Break-up of loans and advances including bills receivables [other than those included in (4) below] :</b>				
(a) Secured		1,997.87		-
(b) Unsecured		10,621.63		4,954.81
<b>37.4 Break up of leased assets and stock on hire and other assets counting towards asset financing activities</b>				
(i) Lease assets including lease rentals under sundry debtors:		-		-
(a) Financial lease		-		-
(b) Operating lease		-		-
(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		-		-

Particulars	As at 31 March 2020 Amount outstanding	As at 31 March 2019 Amount outstanding
<b>37.5 Break-up of investments :</b>		
<b>Current investments :</b>		
<b>1. Quoted :</b>		
(i) Shares : (a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and bonds	-	-
(iii) Units of mutual funds	-	-
(iv) Government securities	-	-
(v) Others	-	-
<b>2. Unquoted :</b>		
(i) Shares : (a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and bonds	2,074.10	10,811.65
(iii) Units of mutual funds	3,845.38	5,085.16
(iv) Government securities	-	-
(v) Others	-	-
<b>Long term investments :</b>		
<b>1 Quoted :</b>		
(i) Shares : (a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and bonds	-	-
(iii) Units of mutual funds	-	-
(iv) Government securities	-	-
(v) Others	-	-
<b>2. Unquoted :</b>		
(i) Shares : (a) Equity	579.42	-
(b) Preference	250.00	-
(ii) Debentures and bonds	-	-
(iii) Units of mutual funds	-	-
(iv) Government securities	-	-
(v) Others	-	-

37.6 Category	Amount net of provisions					
	As at 31 March 2020			As at 31 March 2019		
	Secured	Unsecured	Total	Secured	Unsecured	Total
<b>Borrower group-wise</b>						
<b>classification of assets financed</b>						
Please see Note 2 below						
<b>1. Related parties **</b>						
(a) Subsidiaries	-	-	-	-	-	-
(b) Companies in the same group	-	-	-	-	-	-
(c) Other related parties	-	-	-	-	-	-
<b>2. Other than related parties</b>	-	12,619.50	12,619.50	-	4,954.81	4,954.81

37.7 Category	As at 31 March 2020		As at 31 March 2019	
	Market value / break up or fair value or NAV	Book value (net of provisions)	Market value / break up or fair value or NAV	Book value (net of provisions)
<b>Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted) :</b>				
<b>1. Related parties **</b>				
(a) Subsidiaries (refer note below)	829.42	829.42	-	-
(b) Companies in the same group	-	-	-	-
(c) Other related parties	-	-	-	-
<b>2. Other than related parties</b>	5,919.41	5,919.48	15,845.78	15,896.81
<b>Total</b>	<b>6,748.82</b>	<b>6,748.90</b>	<b>15,845.78</b>	<b>15,896.81</b>

\*\* As per Ind AS issued by MCA (refer note 3 below)  
Note: Subsidiary company has been carried at cost.

### 37.8 Other Information

	As at 31 March 2020 Amount outstanding	As at 31 March 2019 Amount outstanding
(i) Gross non-performing assets		
(a) Related parties	-	-
(b) Other than related parties *	691.87	108.83
(ii) Net non-performing assets		
(a) Related parties	-	-
(b) Other than related parties *	76.34	35.33
(iii) Assets acquired in satisfaction of debt	-	-
* Based on Stage 3 Assets as per IND AS		

#### Notes:

- As defined in Paragraph 3 (xiii) of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank)
- Provisioning norms are as per IND AS issued by MCA.

3. All Ind AS issued by MCA are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up / fair value / NAV in respect of unquoted investments shall be disclosed irrespective of whether they are classified as long term or current in (5) above.

- 38 In view of the loss incurred by the Company during the year under review, your Directors do not recommend any dividend for the financial year ended 31st March 2020.

### 39 Disclosure as required by RBI Circular DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13,2020

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Asset Gross Carrying Amount as per Ind AS 109	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)
<b>Performing Assets</b>						
Standard	Stage 1	13,293.90	825.64	12,468.26	33.03	792.61
	Stage 2	250.69	175.79	74.90	0.61	175.18
Subtotal		13,544.59	1,001.43	12,543.16	33.64	967.79
<b>Non-Performing Assets (NPA)</b>						
Substandard	Stage 3	691.87	615.53	76.34	566.47	49.06
Doubtful - up to 1 year	Stage 3	-	-	-	-	-
1 to 3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful		-	-	-	-	-
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		691.87	615.53	76.34	566.47	49.06
Other items such as guarantees, loan, commitments, etc. which are in the scope of Ind AS 109 but not covered under current income recognition, asset classification and provisioning (Iracp) norms	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		-	-	-	-	-
<b>Total</b>						
	Stage 1	13,293.90	825.64	12,468.26	33.03	792.61
	Stage 2	250.69	175.79	74.90	0.61	175.18
	Stage 3	691.87	615.53	76.34	566.47	49.06
	Total	14,236.46	1,616.96	12,619.50	600.11	1,016.85



Notes forming part of the standalone financial statements (Continued)  
for the year ended 31 March 2020

Amounts in ₹ lakhs

#### 40. Employee benefit plan

Disclosure in respect of employee benefits under Ind AS 19 - Employee Benefit are as under:

##### (a) Defined contribution plan

The Company's contribution to provident fund and employee state insurance scheme are considered as defined contribution plans. The Company's contribution to provident fund aggregating ₹ 60.51 lakhs (31 March 2019: ₹ 40.83 lakhs) has been recognised in the statement of profit and loss under the head employee benefits expense.

##### (b) Defined benefit plan:

###### Gratuity

###### Financial assets not measured at fair value

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

The defined benefit plans expose the Company to risks such as actuarial risk, liquidity risk, market risk, legislative risk. These are discussed as follows:

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

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

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

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

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

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

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

The status of gratuity plan as required under Ind AS-19 is as under:

Amounts in ₹ lakhs		
	As at 31 March 2020	As at 31 March 2019
<b>i. Reconciliation of opening and closing balances of defined benefit</b>		
Present value of defined benefit obligations at the beginning of the year	19.66	7.74
Current service cost	17.94	12.01
Past service cost	-	-
Interest cost	1.47	0.60
Acquisition adjustment	-	-
Benefit paid	-	-
Change in demographic assumptions	-	(0.00)
Change in financial assumptions	1.51	0.58
Experience variance (i.e. Actual experience vs assumptions)	(13.46)	(1.26)
<b>Present value of defined benefit obligations at the end of the year</b>	<b>27.12</b>	<b>19.66</b>
<b>ii. Reconciliation of opening and closing balances of the fair value of plan</b>	<b>-</b>	<b>-</b>
<b>Fair value of plan assets at the end of the year</b>	<b>-</b>	<b>-</b>
<b>iii. Reconciliation of the present value of defined benefit obligation and fair value of plan assets</b>		
Present value of defined benefit obligations at the end of the year	27.12	19.66
Fair value of plan assets at the end of the year	-	-
Unrecognised past service cost	-	-
<b>Net asset / (liability) recognized in the balance sheet as at the end of the year</b>	<b>(27.12)</b>	<b>(19.66)</b>

	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>iv. Expense recognised during the Year</b>		
Current service cost	17.94	12.01
Interest cost	1.47	0.60
Past service cost	-	-
Expenses recognised in the statement of profit and loss	19.41	12.61
<b>v. Other comprehensive income</b>		
Components of actuarial gain/losses on obligations:	(0.69)	-
Due to change in financial assumptions	1.51	0.58
Due to change in demographic assumption	-	(0.00)
Due to experience adjustments	(13.46)	(1.26)
Return on plan assets excluding amounts included in interest income	-	-
Components of defined benefit costs recognised in other comprehensive income	(12.64)	(0.69)

	As at 31 March 2020
<b>vi. Principal actuarial assumptions</b>	
Discount rate (per annum)	7.00%
Annual increase in salary cost	7.00%
Withdrawal rates per annum	
21 to 30	15.00%
31 to 34	10.00%
35 to 44	5.00%
45 to 50	3.00%
51 to 54	2.00%
55 to 57	1.00%

The discount rate is based on the prevailing market yields of Government of India's bond as at the balance sheet date for the estimated term of the obligations.

#### vii. Sensitivity analysis

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate and expected salary increase. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The results of sensitivity analysis is given below:

	For the year ended 31 March 2020	
	Increase	Decrease
Discount rate (- / + 0.5%)	7.50%	6.50%
(% change compared to base due to sensitivity)	-10.70%	12.49%
Salary growth rate (- / + 0.5%)	7.50%	6.50%
(% change compared to base due to sensitivity)	12.37%	-10.80%

#### viii. Effect of plan on the Company's future cash flows

##### a) Maturity profile of defined benefit obligation

The average outstanding term of the obligations (years) as at valuation date is 11.63 years.

	Cash flows (₹)	Distribution (%)
<b><u>Expected cash flows over the next (valued on undiscounted basis):</u></b>		
1st Following Year	0.08	0.11%
2nd Following year	0.38	0.55%
3rd Following Year	1.06	1.54%
4th Following Year	1.35	1.96%
5th Following Year	1.37	2.00%
6th Following Year	7.18	10.45%
7th Following Year	1.16	1.70%
8th Following Year	1.13	1.65%
8th Following Year	1.11	1.62%
Sum of years 10 and above	53.86	78.42%

Notes forming part of the standalone financial statements (Continued)  
for the year ended 31 March 2020

Amounts in ₹ lakhs

41 Classification of financial assets and financial liabilities

As at 31 March 2020	Mandatorily at FVTPL	At cost	Amortised cost	Total carrying amount
<b>ASSETS</b>				
Cash and cash equivalents			780.19	780.19
Bank balance other than cash and cash equivalents			3,771.73	3,771.73
Loans and advances to customers			12,619.50	12,619.50
Investment securities				-
Measured at fair value	3,845.38			3,845.38
Measured at cost		829.42		829.42
Measured at amortised cost			2,074.10	2,074.10
Other Receivables			11.52	11.52
Other financial assets			49.44	49.44
<b>Total Financial assets</b>	<b>3,845.38</b>	<b>829.42</b>	<b>19,306.48</b>	<b>23,981.27</b>
Trade Payables			94.59	94.59
Other financial liabilities			261.40	261.40
<b>Total Financial liabilities</b>	<b>-</b>	<b>-</b>	<b>355.99</b>	<b>355.99</b>
<b>As at 31 March 2019</b>				
<b>ASSETS</b>				
Cash and cash equivalents			118.71	118.71
Bank balance other than cash and cash equivalents			4,137.63	4,137.63
Loans and advances to customers			4,954.81	4,954.81
Investment securities				-
Measured at fair value	5,085.16			5,085.16
Measured at Cost		-		-
Measured at amortised cost			10,811.65	10,811.65
Other Receivables			13.10	13.10
Other financial assets			28.99	28.99
<b>Total Financial assets</b>	<b>5,085.16</b>	<b>-</b>	<b>20,064.88</b>	<b>25,150.05</b>
Trade payables			74.36	74.36
Other financial liabilities			289.22	289.22
<b>Total Financial liabilities</b>	<b>-</b>	<b>-</b>	<b>363.58</b>	<b>363.58</b>
<b>As at 1 April 2018</b>				
<b>ASSETS</b>				
Cash and cash equivalents			124.02	124.02
Bank balance other than cash and cash equivalents			5,491.90	5,491.90
Loans and advances to customers			112.98	112.98
Investment securities				-
Measured at fair value	3,689.31			3,689.31
Measured at Cost		-		-
Measured at amortised cost			16,122.33	16,122.33
Other Receivables			0.66	0.66
Other financial assets			0.32	0.32
<b>Total Financial assets</b>	<b>3,689.31</b>	<b>-</b>	<b>21,852.21</b>	<b>25,541.52</b>
Trade payables			97.28	97.28
Other financial liabilities			6.11	6.11
<b>Total Financial liabilities</b>	<b>-</b>	<b>-</b>	<b>103.39</b>	<b>103.39</b>

Notes forming part of the standalone financial statements (Continued)  
for the year ended 31 March 2020

Amounts in ₹ lakhs

42 Fair Value Measurement

Financial Instrument by Category

	As at 31 March 2020		As at 31 March 2019		As at 01 April 2018	
	FVTPL	Amortised Cost	FVTPL	Amortised Cost	FVTPL	Amortised Cost
Financial Asset						
Investments						
- Bonds and Debentures	-	2,074.10	-	10,811.65	-	16,122.33
- Mutual Funds	3,845.38	-	5,085.16	-	3,689.31	-
Other Receivables	-	11.52	-	13.10	-	0.66
Loans	-	12,619.50	-	4,954.81	-	112.98
Cash And Cash Equivalents	-	780.19	-	118.71	-	124.02
Bank balance other than cash and cash equivalents	-	3,771.73	-	4,137.63	-	5,491.90
Other Financial Assets	-	49.44	-	28.99	-	0.32
<b>Total Financial Assets</b>	<b>3,845.38</b>	<b>19,306.48</b>	<b>5,085.16</b>	<b>20,064.88</b>	<b>3,689.31</b>	<b>21,852.21</b>
Financial Liability						
Trade Payables	-	94.59	-	74.36	-	97.28
Other Financial Liabilities	-	261.40	-	289.22	-	6.11
<b>Total Financial Liabilities</b>	<b>-</b>	<b>355.99</b>	<b>-</b>	<b>363.58</b>	<b>-</b>	<b>103.39</b>

Fair value Hierarchy

This section explains the judgments and estimates made in determining the fair value of the financial instrument that are (a) recognized and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into three levels prescribed under the accounting standard. An explanation of each level follows

As at 31 March 2020

	Carrying amount	Fair value measurements using			Total
		Level 1	Level 2	Level 3	
<b>Financial assets*</b>					
Investments					
- Bonds and Debentures	2,074.10	-	2,074.03	-	2,074.03
- Mutual Funds	3,845.38	3,845.38	-	-	3,845.38
Loans and advances	12,619.50	-	13,015.72	-	13,015.72
Other Receivables	11.52				
Cash And Cash Equivalents	780.19				
Bank balance other than cash and cash equivalents	3,771.73				
Security Deposits	33.66	-	33.66	-	33.66
Other Financial assets	15.78				
<b>Total Financial Asset</b>	<b>23,151.86</b>	<b>3,845.38</b>	<b>15,123.41</b>	<b>-</b>	<b>18,968.79</b>
<b>Financial Liabilities*</b>					
Trade Payables	94.59				
Lease Liability	218.03	-	218.03	-	218.03
Contingent Consideration	43.37	-	-	43.37	43.37
<b>Total Financial Liabilities</b>	<b>355.99</b>	<b>-</b>	<b>218.03</b>	<b>43.37</b>	<b>261.40</b>

## As at 31 March 2019

	Carrying amount	Fair value measurements using			Total
		Level 1	Level 2	Level 3	
<b>Financial assets*</b>					
<i>Investments</i>					
- Bonds and Debentures	10,811.65	-	10,760.62	-	<b>10,760.62</b>
- Mutual Funds	5,085.16	5,085.16	-	-	<b>5,085.16</b>
Loans and advances	4,954.81	-	4,779.37	-	<b>4,779.37</b>
Other Receivables	13.10				
Cash And Cash Equivalents	118.71				
Bank balance other than cash and cash equivalents	4,137.63				
Security Deposits	28.99	-	28.99	-	<b>28.99</b>
<b>Total Financial Asset</b>	<b>25,150.05</b>	<b>5,085.16</b>	<b>15,568.98</b>	<b>-</b>	<b>20,654.14</b>
<b>Financial Liabilities*</b>					
Trade Payables	74.36				
Lease Liability	289.22	-	289.22	-	<b>289.22</b>
<b>Total Financial Liabilities</b>	<b>363.58</b>	<b>-</b>	<b>289.22</b>	<b>-</b>	<b>289.22</b>

## As at 1 April 2018

	Carrying amount	Fair value measurements using			Total
		Level 1	Level 2	Level 3	
<b>Financial assets*</b>					
<i>Investments</i>					
- Bonds and Debentures	16,122.33	-	15,426.95	-	15,426.95
- Mutual Funds	3,689.31	3,689.31	-	-	3,689.31
Loans and advances	112.98	-	112.52	-	112.52
Other Receivables	0.66				
Cash And Cash Equivalents	124.02				
Bank balance other than cash and cash equivalents	5,491.90				
Security Deposits	0.32	-	0.32	-	0.32
<b>Total Financial Asset</b>	<b>25,541.52</b>	<b>3,689.31</b>	<b>15,539.79</b>	<b>-</b>	<b>19,229.11</b>
<b>Financial Liabilities*</b>					
Trade Payables	97.28				
Other Financial Liabilities	6.11				
<b>Total Financial Liabilities</b>	<b>103.39</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

\*The Company has not disclosed the fair values for cash and cash equivalents, bank balances, bank deposits, receivables and other financial assets, trade payables and other financial liabilities as these are short term in nature and their carrying amounts are a reasonable approximation of fair value.

## 42 Fair Value Measurement (Continued)

**Level 1 :** Level 1 hierarchy includes financial instruments measured using unadjusted quoted prices in active markets that the Company has the ability to access for the identical assets or liabilities. A financial instrument is classified as a Level 1 measurement if it is listed on an exchange. This includes mutual funds that have quoted price. The mutual funds are valued at the closing NAV.

**Level 2 :** The fair value of financial instruments that are not traded in active markets is determined using valuation techniques which maximize the use of observable market data either directly or indirectly, such as quoted prices for similar assets and liabilities in active markets, for substantially the full term of the financial instrument but do not qualify as Level 1 inputs. Fair value of loans and advances of the Company is measured using the last month's lending rate. If all significant inputs required to fair value an instrument are observable the instrument is included in level 2.

**Level 3:** If one or more of the significant inputs is not based in observable market data, the instruments is included in level 3. The company has measured contingent consideration based on Level 3.

### Financial instruments valued at carrying value

The respective carrying values of certain on-balance sheet financial instruments approximated their fair value. These financial instruments include cash in hand, balances with Banks, financial institutions and money at call and short notice, accrued interest receivable, acceptances, deposits payable on demand, accrued interest payable, and certain other assets and liabilities that are considered financial instruments. Carrying values were assumed to be approximate fair values for these financial instruments as they are short-term in nature and their recorded amounts approximate fair values or are receivable or payable on demand.

### Financial instruments recorded at fair value

Investment in debt securities

Securities classified as fair value through profit or loss, are carried at fair value based on quoted market prices. The Company records mutual funds at closing NAV.

### Fair value of financial instruments carried at amortised cost

Loans and advances

The fair values of loans that do not reprice or mature frequently are estimated using discounted cash flow models. Loans and advances are fair valued basis the future expected cash flows discounted at the lending rate.

Security deposits

Security deposits have been accounted at amortised cost using SBI MCLR rates.

Bonds and debentures

The fair value of bonds and debentures are discounted using cash flow models. Bonds and debentures are fair valued basis the future expected cash flows discounted at the interest rate.

### Fair value of contingent consideration

a) The value of contingent consideration is calculated using Binomial Option Pricing Model. The binomial tree is arrived by using profitability scenarios specified in the agreement entered between the acquirer and the acquiree and the value of contingent liability is arrived by assigning probability weights to each profitability scenario considered.

b) The table below shows the movement in the valuation of contingent consideration :

Particulars	Amount
As at 1 April 2018	-
Change during the year	-
As at 31 March 2019	-
(+) Initial recognition	43.37
Change during the year	-
As at 31 March 2020	43.37

c) Sensitivity analysis

	Contingent consideration	Increase /decrease
5% increase in profitability situation i.e. probability is (55:45)	47.71	4.34
5% decrease in profitability situation i.e. probability is (45:55)	39.04	(4.33)

Notes forming part of the standalone financial statements (Continued)  
for the year ended 31 March 2020

Amounts in ₹ lakhs

**43 Financial risk management**

The Company has operations in India which expose it to liquidity risk and credit risk. The risks are managed through a management established framework of identification and measurement of risk.

This note explains the sources of risk which the Company is exposed to and how the Company manages the risk.

<b>Risk</b>	<b>Exposure arising from</b>	<b>Measurement</b>	<b>Management</b>
Credit risk	Loans and advances, cash and cash equivalents, trade receivables, financial assets measured at amortized cost.	Aging analysis of loans and advances held at amortized cost Credit ratings in case of investments held at amortized cost	Diversification of Company's investments into NCDs and FDs Monitoring of credit risk on loans and advances basis the days past dues.
Liquidity risk	Trade liabilities	Maturity analysis	Maintaining sufficient cash and cash equivalents and marketable investments

The Company's board of directors is the highest decision-making body within the organisation. The Board of directors have overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has established the Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the board of directors on its activities.

The Company's risk management committee is established to

- Recommend changes to the risk Policy for approval by the Audit Committee.
- Monitors and supervises the ECL process, identifies and analyses the risks faced by the Company
- Authorize any overrides on the provisioning model of assets to achieve provisioning objectives in line with the approval policy
- Reviewing the adequacy of ECL training across the key departments
- Establishing that the businesses comply with the risk Policy
- Review and address concerns raised by the internal Credit Committee, Statutory Auditors or the Internal Auditors in any ECL exceptions
- Delegate such roles and responsibilities to the Company's internal Credit Committee to ensure that this policy is in line with the board approved policy and the applicable accounting standards.

The audit committee oversees the recommendations of the risk management committee and how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The audit committee ensures adequate provisioning for the financial statements in line with the approved policies and ensures that the scope of the External Auditor covers adequate assurance in complying with the Company's approved provisioning and risk policy.



Notes forming part of the standalone financial statements (Continued)  
for the year ended 31 March 2020

Amounts in ₹ lakhs

**43 Financial instruments – Financial risk management (Continued)**

**A. Credit risk**

Credit risk arises from loans and advances, cash and cash equivalents, investments carried at amortized cost and deposits held by the Company.

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investments in debt securities.

**i) Credit risk management**

The primary organizational groups forming part of the Company risk governance are Board of Directors, Audit Committee, Risk committee and Credit committee. In regards to loans and advances of the Company, the credit risk is managed in accordance with the ECL policy by monitoring of credit risk basis the days past dues.

For the investments, the ECL policy provides that the Company uses the external ratings for estimation of forward looking PDs to estimate ECL. The Company reviews the creditworthiness of these counterparties on an on-going basis.

The Company classifies its financial assets in following category:

**Stage 1**

As soon as a financial instrument originates or is purchased, it is categorized as Stage 1. This is applicable across all the loan facilities, investments and bank balances. Stage 1 would include all residual facilities, not impaired or, have not experienced a significant increase in credit risk since initial recognition.

**Stage 2 and stage 3**

**Loans**

The following staging criteria based on Days Past Dues (DPDs) fixed for Loan portfolio as per the Ind AS 109:

Stage 1 to Stage 2: More than 30 Days Past Due as criteria for Stage 2 classification.

Stage 2 to Stage 3: More than 90 Days Past Due as criteria for Stage 3 classification.

**Investments and Balances with Bank**

Following is the staging criteria for investments:

- For facilities with rating grade AAA to B, three notch downgrades (without modifiers) shall be taken as stage 2.
- Any financial instrument with rating grade CCC or below classified as Stage 2 at origination.

## ii) Provision for expected credit losses

The Company provides for expected credit loss based on following:

Category	Description for category	Probability of default (PD)	Exposure at default (EAD)	Loss given default (LGD)
<b>Loans</b>	The Company is engaged in the business of providing unsecured loans to SMEs and individuals with proprietary businesses, the borrower profiles are having similar risk characteristics across the loan book.	<p>The PD estimation is based on transition matrix approach, gross flow analysis and net flow analysis with application of single factor Vasicek model for incorporation of macro- economic factor (GDP).</p> <p>The Company has used cohort framework for computation of PDs on loans. As the default definition for loan portfolio is 90 days past due, the Company taken quarterly transition matrix for estimation of PDs across following behavioral buckets:</p> <p>Ranking 1: Current (DPD up to 0)  Ranking 2: Up to 30 Days past due  Ranking 3: Up to 60 days past due  Ranking 4: Up to 90 days past due  Ranking 5: Default</p> <p>PD estimates grouped as per the above ranking grades.</p> <p>For Stage 3 assets PD is taken to be 100%.</p>	<p>Exposure at Default gives an estimate of the amount outstanding when the borrower defaults. It is the total amount of an asset the entity is exposed to at the time of default.</p> <p>The exposure at default for the loans is:  Principle outstanding + accrued interest</p>	<p>LGD for loan portfolio will be calculated at a portfolio level based upon the actual recovery data. In case of insufficient recovery information due to low/no defaults, a proxy LGD based on industry practice would be used.</p>
<b>Investments and bank balances</b>	The Company holds investments in non-convertible debentures as a part of its investment portfolio. Additionally, the Company also holds balances with Banks in fixed deposits and current account	<p>As the default data set is low or near to zero for the investment portfolio, the Company uses external ratings for assessment of forward looking PDs to estimate ECL.</p> <p>Vasicek model is used for incorporation of economic factor (i.e. GDP in case of the Company)</p> <p>For Stage 3 assets PD is taken to be 100%.</p>	<p>Exposure at Default is the total amount of an asset the Company is exposed to at the time of default.</p> <p>The exposure at default for the investments and bank balances is:  Principle outstanding + accrued interest</p>	<p>For India Sovereign exposures, the LGD value remains at 0%.</p> <p>Going forward, subject to availability of adequate default data, the LGD will be calculated at instrument level (Corporate bonds, Sovereign bonds) based the above workout procedure in the Company's ECL policy.</p>

**A. Credit risk (Continued)**

**ii) Provision for expected credit losses (Continued)**

**Year ended 31 March 2020**

Particulars	Asset group	Estimated gross carrying amount at default	Expected credit loss (%)	Expected credit losses	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit losses	Investments at amortised cost				
	- NCD	2,143.75	3.25%	69.65	2,074.10
	- FD	3,783.56	0.31%	11.83	3,771.73
	Loans at amortised cost	13,293.90	6.21%	825.64	12,468.26
Loss allowance measured at life-time expected credit losses, not credit impaired	Investments at amortised cost				
	- NCD	-	-	-	-
	- FD	-	-	-	-
	Loans at amortised cost	250.69	70.12%	175.79	74.90
Loss allowance measured at life-time expected credit losses, credit impaired	Investments at amortised cost				
	- NCD	-	-	-	-
	- FD	-	-	-	-
	Loans at amortised cost	691.87	88.97%	615.53	76.34

**Year ended 31 March 2019**

Particulars	Asset group	Estimated gross carrying amount at default	Expected credit loss (%)	Expected credit losses	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit losses	Investments at amortised cost				
	- NCD	10,814.11	0.02%	2.46	10,811.65
	- FD	4,139.58	0.05%	1.95	4,137.63
	Loans at amortised cost	4,860.10	0.98%	47.60	4,812.50
Loss allowance measured at life-time expected credit losses, not credit impaired	Investments				
	- NCD	-	-	-	-
	- FD	-	-	-	-
	Loans at amortised cost	231.72	53.83%	124.74	106.98
Loss allowance measured at life-time expected credit losses, credit impaired	Investments				
	- NCD	-	-	-	-
	- FD	-	-	-	-
	Loans at amortised cost	108.83	67.53%	73.50	35.33

**Year ended 1 April 2018**

Particulars	Asset group	Estimated gross carrying amount at default	Expected credit loss (%)	Expected credit losses	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit losses	Investments at amortised cost				
	- NCD	16,148.32	0.16%	25.99	16,122.33
	- FD	5,498.56	0.12%	6.66	5,491.90
	Loans at amortised cost	113.43	0.40%	0.45	112.98

## A. Credit risk (Continued)

### ii) Provision for expected credit losses (Continued)

#### Investments in NCD and FD

The company has invested in NCDs and FDs having Credit rating ranging from AAA to BBB-.

#### Measurement of Expected Credit Losses

The Company has applied a three-stage approach to measure expected credit losses (ECL) on debt instruments accounted for at amortised cost. Assets migrate through following three stages based on the changes in credit quality since initial recognition:

(a) Stage 1: 12- months ECL: For exposures where there is no significant increase in credit risk since initial recognition and that are not credit-impaired upon origination, the portion of the lifetime ECL associated with the probability of default events occurring within the next 12- months is recognized.

(b) Stage 2: Lifetime ECL, not credit-impaired: For credit exposures where there has been a significant increase in credit risk since initial recognition but are not credit-impaired, a lifetime ECL is recognized. Marginal PDs are used to compute lifetime ECL.

(c) Stage 3: Lifetime ECL, credit-impaired: Financial assets are assessed as credit impaired upon occurrence of one or more events that have a detrimental impact on the estimated future cash flows of that asset. For financial assets that have become credit-impaired, a lifetime ECL is recognized and interest revenue is calculated by applying the effective interest rate to the amortised cost

At each reporting date, the Company assesses whether there has been a significant increase in credit risk of its financial assets since initial recognition by comparing the risk of default occurring over the expected life of the asset. In determining whether credit risk has increased significantly since initial recognition, the Company uses information that is relevant and available without undue cost or effort. This is based on the historical default rates or delinquency status of account across various internal rating grades, products or sectors.

The portfolios for which external benchmark information represents a significant input into measurement of ECL are as follows.

	Exposure	External benchmarks used LGD
Loans at amortised cost	8,121.86	65%

The Company assesses whether the credit risk on a financial asset has increased significantly on an individual and collective basis. In determining whether the credit risk on a financial asset has increased significantly, the Company considers the change in the risk of a default occurring since initial recognition. The default definition used for such assessment is consistent with that used for internal credit risk management purposes.

The Company considers defaulted assets as those which are contractually past due 90 days, other than those assets where there is empirical evidence to the contrary. Financial assets which are contractually past due 30 days are classified under Stage 2 - life time ECL, not credit impaired, barring those where there is empirical evidence to the contrary. An asset can move into and out of the lifetime expected credit losses category (Stage 2 and 3) based on a predefined pattern obtained from the historical default rates or delinquency status of account across various internal rating grades, products or sectors. Credit exposures transition back from stage 2 to stage 1 when the credit quality of the credit facility shows significant improvement. Primarily, when factors that previously triggered an exposure moving to Stage 2 no longer meet, such exposures move back to Stage 1 and a 12-month ECL measured instead of Lifetime ECL. Credit exposures may transition from stage 3 to stage 2 /stage 1, if the exposures are current, no longer meet the definition of default / credit impaired and if the factors that previously triggered an exposure to move to stage 3 are no longer met.

The Company measures the amount of ECL on a financial instrument in a way that reflects an unbiased and probability-weighted amount. The Company considers its historical loss experience and adjusts the same for current observable data. The key inputs into the measurement of ECL are the probability of default, loss given default and exposure at default. These parameters are derived from the Company's internally developed statistical models and other historical data. In addition, the Company has used reasonable and supportable information on future economic conditions by using GDP as suitable macroeconomic factors. Since incorporating these forward looking information increases the judgment as to how the changes in these macroeconomic factor will affect ECL, the methodology and assumptions are reviewed regularly. The following table presents the key macroeconomic indicators used for the purposes of measurement of ECL in the periods presented.

Macro economic indicator	As at 31 March 2020	As at 31 March 2019
GDP	2.00%	7.26%

**A. Credit risk (Continued)**

**iii) Reconciliation of loss allowance provision**

**For loans**

Reconciliation of loss allowance	Loss allowance measured at 12 month expected losses	Loss allowance measured at life-time expected losses	
		Financial assets for which credit risk has increased significantly and not credit-impaired	Financial assets for which credit risk has increased significantly and credit-impaired
<b>Loss allowance on 1 April 2018</b>	0.45	-	-
Changes in loss allowances due to			
Assets originated or purchased	47.59	124.74	73.50
Addition/ (Recoveries) for assets originated in Previous years	(0.44)	-	-
<b>Loss allowance on 31 March 2019</b>	47.60	124.74	73.50
Changes in loss allowances due to			
Assets originated or purchased	639.90	68.78	132.80
Write – offs	(9.53)	(81.26)	(73.50)
Addition/ (Recoveries) for assets originated in Previous years	147.67	63.53	482.73
<b>Loss allowance on 31 March 2020</b>	<b>825.64</b>	<b>175.79</b>	<b>615.53</b>

**For investments and Bank balance other than Cash and Cash Equivalents**

Reconciliation of loss allowance	Loss allowance measured at 12 month expected losses	Loss allowance measured at life-time expected losses	
		Financial assets for which credit risk has increased significantly and not credit-impaired	Financial assets for which credit risk has increased significantly and credit-impaired
<b>Loss allowance on 1 April 2018</b>	32.64	-	-
Changes in loss allowances due to			
Assets originated or purchased	2.45	-	-
Addition/ (Recoveries) for assets originated in Previous years	(30.68)	-	-
<b>Loss allowance on 31 March 2019</b>	4.41	-	-
Changes in loss allowances due to			
Assets originated or purchased	81.37	-	-
Addition/ (Recoveries) for assets originated in Previous years	(4.30)	-	-
<b>Loss allowance on 31 March 2020</b>	<b>81.48</b>	<b>-</b>	<b>-</b>

Notes forming part of the standalone financial statements (Continued)  
for the year ended 31 March 2020

Amounts in ₹ lakhs

43 Financial instruments – Financial risk management (Continued)

**B. Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Due to the dynamic nature of the underlying businesses, Company's treasury maintains flexibility in funding by maintaining availability under committed credit lines.

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

	As at 31 March 2020			As at 31 March 2019		
	Carrying amount	Within 12 months	After 12 months	Carrying amount	Within 12 months	After 12 months
<b>Financial liabilities</b>						
Trade payables	94.59	94.59	-	74.36	74.36	-
Other financial liabilities	261.40	107.82	153.58	289.22	53.87	235.35
<b>Non Financial liabilities</b>						
Provisions	261.67	234.55	27.12	232.02	212.36	19.66
Other non-financial liabilities	35.49	35.49	-	36.88	36.88	-
<b>Financial assets</b>						
Cash and cash equivalents	780.19	780.19	-	118.71	118.71	-
Bank balance other than cash and cash equivalents above	3,771.73	3,771.73	-	4,137.63	4,119.83	17.80
Receivables	11.52	11.52	-	13.10	13.10	-
Loans and advances to customers	12,619.50	9,812.70	2,806.80	4,954.81	3,316.07	1,638.74
Investment securities	6,748.90	6,748.90	-	15,896.81	15,896.81	-
Other financial assets	49.44	20.78	28.66	28.99	-	28.99
<b>Non-financial Assets</b>						
Income tax assets	129.45	129.45	-	57.90	57.90	-
Right of use asset	189.33	66.97	122.36	274.63	67.43	207.20
Property, plant and equipment	25.46	15.21	10.25	45.34	21.82	23.52
Intangible assets under development	2.88	2.88	-	1.32	-	1.32
Intangible assets	224.27	209.66	14.61	463.05	253.45	209.60
Other non-financial assets	301.24	301.24	-	225.48	225.48	-

	As at 1 April 2018		
	Carrying amount	Within 12 months	After 12 months
<b>Financial liabilities</b>			
Trade payables	97.28	97.28	-
Other financial liabilities	6.11	6.11	-
<b>Non Financial liabilities</b>			
Provisions	229.58	221.85	7.73
Other non-financial liabilities	39.06	39.06	-
<b>Financial assets</b>			
Cash and cash equivalents	124.02	124.02	-
Bank balance other than cash and cash equivalents above	5,491.90	5,481.91	9.99
Receivables	0.66	0.66	-
Loans and advances to customers	112.98	74.04	38.94
Investment securities	19,811.64	17,225.48	2,586.16
Other financial assets	0.32	-	0.32
<b>Non-financial Assets</b>			
Income tax assets	18.59	18.59	-
Right of use asset	-	-	-
Property, plant and equipment	40.99	18.17	22.82
Intangible assets under development	51.35	51.35	-
Intangible assets	595.73	242.31	353.42
Other non-financial assets	152.43	152.43	-

## B. Liquidity risk (Continued)

### b) Maturity Pattern

The table below summarises the maturity profile of the undiscounted cashflow of the Company's financial liabilities :

As at 31 March 2020

	Within 12 months	1-2 years	2-5 years	Total
Trade payables	94.59	-	-	94.59
Other financial liabilities				
- Lease liability	85.29	89.40	81.50	256.19
- Contingent consideration	43.37	-	-	43.37

As at 31 March 2019

	Within 12 months	1-2 years	2-5 years	Total
Trade payables	74.36	-	-	74.36
Other financial liabilities	81.82	89.22	187.18	358.22

As at 01 April 2018

	Within 12 months	1-2 years	2-5 years	Total
Trade payables	97.28	-	-	97.28
Other financial liabilities	6.11	-	-	6.11

c) The following table sets out the carrying amounts of non-derivative financial assets and financial liabilities expected to be recovered or settled more than 12 months after the reporting date.

	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
<b>Financial assets</b>			
Bank balance other than cash and cash equivalents above	-	-	9.99
Loans and advances to customers	2,806.80	1,638.74	38.94
Investment securities	-	-	2,586.16
Other financial assets	28.66	28.99	0.32
<b>Financial liabilities</b>			
Lease Liability	153.58	235.35	-

d) The following table sets out the components of the Company's liquidity reserves.

	As at 31 March 2020		As at 31 March 2019		As at 1 April 2018	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Cash And Cash Equivalents	780.19	780.19	118.71	118.71	124.02	124.02
Bank balance other than cash and cash equivalents	3,771.73	3,771.73	4,137.63	4,137.63	5,491.90	5,491.90
<b>Total liquidity reserves</b>	<b>4,551.92</b>	<b>4,551.92</b>	<b>4,256.34</b>	<b>4,256.34</b>	<b>5,615.92</b>	<b>5,615.92</b>

e) All the financial assets of the Company as at 31 March 2020, as at 31 March 2019 and as at 01 April 2018 are unencumbered.

## Notes forming part of the standalone financial statements (Continued)

for the year ended 31 March 2020

Amounts in ₹ lakhs

### 44. Revenue from contracts with customers

Set out below is the disaggregation of the Company's revenue from contracts with customers and reconciliation to profit and loss account:

	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>Type of income</b>		
Services charges	3.75	-
Bounce charges	2.15	0.96
Penal charges	3.69	1.28
Foreclosure charges	6.38	1.31
Processing fees	5.71	-
<b>Total revenue from contracts with customers</b>	<b>21.67</b>	<b>3.55</b>
<b>Geographical markets</b>		
India	21.67	3.55
Outside India	-	-
<b>Total revenue from contracts with customers</b>	<b>21.67</b>	<b>3.55</b>
<b>Timing of revenue recognition</b>		
Services transferred at a point in time	17.92	3.55
Services transferred over time	3.75	-
<b>Total revenue from contracts with customers</b>	<b>21.67</b>	<b>3.55</b>

45. There have been no events after the reporting date that requires disclosure in these financial statements except for impact of COVID-19 as disclosed in Note no. 46.

### 46. Impact of Covid -19 pandemic

a. The outbreak of COVID-19 pandemic across the globe and in India has contributed to a significant decline and volatility in the global and Indian financial markets and slowdown in the economic activities. Reserve Bank of India (RBI) has issued guidelines relating to COVID-19 Regulatory Package dated 27 March 2020 and 17 April 2020 and in accordance therewith, the Company has proposed a moratorium of three months on the payment of all principal instalments and/ or interest, as applicable, falling due between 1 March 2020 and 31 May 2020 to all eligible borrowers classified as standard even if overdue as on 29 February 2020, excluding the collections made already made in the month of March 2020. For all such accounts where the moratorium is granted, the asset classification will remain standstill during the moratorium period (i.e. the number of days past due shall exclude the moratorium period for the purposes of asset classification as per the Company's policy)

b. Further, the Company has, based on current available information estimated and applied management overlays based on the policy approved by the Board for the purpose of determination of the provision for impairment of financial assets. Given the uncertainty over the potential macro-economic impact, the Company's management has considered internal and external information including credit reports and economic forecasts upto the date of approval of these financial statements. Accordingly, the provision for expected credit loss on financial assets as at 31 March 2020 aggregates ₹ 1,698.44 lakhs (as at 31 March 2019, ₹ 250.25 lakhs) which includes potential impact on



account of the pandemic of ₹ 329.98 lakhs. Based on the current indicators of future economic conditions, the Company considers this provision to be adequate.

c. The extent to which the COVID-19 pandemic will impact the Company's financial statements will depend on future developments, which are highly uncertain, including, among other things, any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact whether government-mandated or elected by the Company. Given the uncertainty over the potential macro-economic condition, the impact of the global health pandemic may be different from that estimated as at the date of approval of these financial statements and the Company will continue to closely monitor any material changes to future economic conditions.

#### 47. Disclosure as required by RBI Circular DOR.No.BP.BC.63/21.04.048/2019-20 dated 17 April 2020

	<b>For the year ended 31 March 2020</b>
Amount in overdue categories where moratorium is extended	355.99
Amount where asset classification benefits is extended	84.08

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

#### 49. Explanation to transition to Ind AS

As stated in Note 2, these are the Company's first financial statements prepared in accordance with Ind AS. For the year ended 31 March 2019, the Company had prepared its financial statements in accordance with Companies (Accounting Standards) Rules, 2006, notified under Section 133 of the Act and other relevant provisions of the Act ('Previous GAAP').

The accounting policies set out in Note 3 have been applied in preparing these financial statements for the year ended 31 March 2020 including the comparative information for the year ended 31 March 2019 and the opening Ind AS balance sheet on the date of transition i.e. 1 April 2018.

In preparing the Ind AS balance sheet as at 1 April 2018 and in presenting the comparative information for the year ended 31 March 2019, the Company has adjusted amounts reported previously in the financial statements prepared in accordance with Previous GAAP. This note explains the principal adjustments made by the Company in restating its financial statements prepared in accordance with Previous GAAP, and how the transition from Previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows.

#### Optional exemptions availed and mandatory exceptions

In preparing these financial statements, the Company has applied the below mentioned optional exemptions and mandatory exceptions.

##### A. Optional exemptions availed

##### 1. Property plant and equipment and intangible assets

As per Ind AS 101 an entity may elect to:

(i) use a Previous GAAP revaluation of an item of property, plant and equipment at or before the date of transition as deemed cost at the date of the revaluation, provided the revaluation was, at the date of the revaluation, broadly comparable to:

- fair value;

- or cost or depreciated cost under Ind AS adjusted to reflect, for example, changes in a general or specific price index.

The elections under (i) above are also available for intangible assets that meets the recognition criteria in Ind AS 38, Intangible Assets, (including reliable measurement of original cost); and criteria in Ind AS 38 for revaluation (including the existence of an active market).

(ii) use carrying values of property, plant and equipment, intangible assets and investment properties as on the date of transition to Ind AS (which are measured in accordance with Previous GAAP) if there has been no change in its functional currency on the date of transition.

As permitted by Ind AS 101, the Company has elected to continue with the carrying values under Previous GAAP for all the items of property, plant and equipment. The same election has been made in respect of intangible assets also.

## **B. Mandatory exceptions**

### **1. Accounting estimates**

As per Ind AS 101, an entity's estimates in accordance with Ind AS at the date of transition to Ind AS at the end of the comparative period presented in the entity's first Ind AS financial statements, as the case may be, should be consistent with estimates made for the same date in accordance with the Previous GAAP unless there is objective evidence that those estimates were in error. However, the estimates should be adjusted to reflect any differences in accounting policies.

As per Ind AS 101, where application of Ind AS requires an entity to make certain estimates that were not required under Previous GAAP, those estimates should be made to reflect conditions that existed at the date of transition (for preparing opening Ind AS balance sheet) or at the end of the comparative period (for presenting comparative information as per Ind AS).

The Company's estimates under Ind AS are consistent with the above requirement. Key estimates considered in preparation of the financial statements that were not required under the Previous GAAP are listed below:

- Impairment of financial assets based on the expected credit loss model.
- Determination of the discounted value for financial instruments carried at amortised cost.
- Expected life of portfolio.
- Classification of equity and liability.

### **2. Derecognition of financial assets and liabilities**

As per Ind AS 101, an entity should apply the derecognition requirements in Ind AS 109 - Financial Instruments, prospectively for transactions occurring on or after the date of transition to Ind AS. However, an entity may apply the derecognition requirements retrospectively from a date chosen by it

if the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions.

The Company has elected to apply the de-recognition criteria for financial assets/liabilities prospectively. Hence, it has not recognised any financial assets/financial liabilities previously de-recognised.

### 3. Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortised cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable.

Accordingly, the company has determined the classification of financial assets based on facts and circumstances that exist on the date of transition.

### 4. Impairment of financial assets

The Company being NBFC company is required to assess the impairment of financial assets based upon the new model i.e. ECL instead of rule based guidance (RBI Prudential Norms) as prevailed under Previous GAAP.

Accordingly, the Company has applied the impairment requirement of Ind-AS 109 on all financial assets recognised as per Ind-AS 109:

1. ECL are recognised for financial assets held under amortised cost, debt instruments measured at FVOCI, and certain loan commitments.
2. Financial assets where no significant increase in credit risk has been observed are considered to be in 'stage 1' and for which a 12 month ECL is recognised. Financial assets that are considered to have significant increase in credit risk are considered to be in 'stage 2' and those which are in default or for which there is an objective evidence of impairment are considered to be in 'stage 3'. Lifetime ECL is recognised for stage 2 and stage 3 financial assets.
3. At initial recognition, allowance (or provision in the case of loan commitments) is required for ECL towards default events that are possible in the next 12 months. In the event of a significant increase in credit risk, allowance (or provision) is required for ECL towards all possible default events over the expected life of the financial instrument ('lifetime ECL'). Financial assets (and the related impairment loss allowances) are written off in full, when there is no realistic prospect of recovery.

Treatment of the different stages of financial assets and the methodology of determination of ECL

#### (a) Credit impaired (stage 3)

The Company recognises a financial asset to be credit impaired and in stage 3 by considering relevant objective evidence, primarily whether:

Contractual payments of either principal or interest are past due for more than 90 days;

The loan is otherwise considered to be in default.

## (b) Significant increase in credit risk (stage 2)

An assessment of whether credit risk has increased significantly since initial recognition is performed at each reporting period by considering the change in the risk of default of the loan exposure. However, unless identified at an earlier stage, 30 days past due is considered as an indication of financial assets to have suffered a significant increase in credit risk.

The measurement of risk of defaults under stage 2 is computed on homogenous portfolios, generally by nature of loans, tenors, underlying collateral, geographies and borrower profiles. The default risk is assessed using PD (probability of default) derived from past behavioural trends of default across the identified homogenous portfolios. These past trends factor in the past customer behavioural trends and macroeconomic conditions. The assessed PDs are then aligned considering future economic conditions that are determined to have a bearing on ECL.

## (c) Measurement of ECL

The assessment of credit risk and estimation of ECL are unbiased and probability weighted. It incorporates all information that is relevant including information about past events, current conditions and reasonable forecasts of future events and economic conditions at the reporting date. In addition, the estimation of ECL takes into account the time value of money. Forward looking economic scenarios determined with reference to external forecasts of economic parameters that have demonstrated a linkage to the performance of our portfolios over a period of time have been applied to determine impact of macro-economic factors.

The Company has calculated ECL using three main components: a probability of default (PD), a loss given default (LGD) and the exposure at default (EAD).

- a. Determination of PD is covered above for each stages of ECL.
- b. EAD represents the expected balance at default, taking into account the repayment of principal and interest from the Balance Sheet date to the date of default.
- c. LGD represents expected losses on the EAD given the event of default

A more detailed description of the methodology used for ECL is covered in the 'credit risk' section of note no. 43

Notes forming part of the standalone financial statements (Continued)  
for the year ended 31 March 2020

Amounts in ₹ lakhs

Reconciliation of equity

Amounts in ₹ lakhs

Particulars	As at 31 March 2019			As at 01 April 2018		
	As per IGAAP	Adjustments	As per Ind AS	As per IGAAP	Adjustments	As per Ind AS
<b>ASSETS</b>						
<b>Financial assets</b>						
Cash and cash equivalents	118.71	-	118.71	124.02	-	124.02
Bank balance other than cash and cash equivalents above	4,139.58	(1.95)	4,137.63	5,498.55	(6.66)	5,491.90
<b>Receivables</b>						
Other receivables	13.10	-	13.10	0.66	-	0.66
Loans	5,107.29	(152.48)	4,954.81	112.98	-	112.98
Investments	15,883.37	13.44	15,896.81	19,814.28	(2.64)	19,811.64
Other financial assets	39.98	(10.99)	28.99	0.32	-	0.32
<b>Total financial assets</b>	<b>25,302.03</b>	<b>(151.98)</b>	<b>25,150.05</b>	<b>25,550.81</b>	<b>(9.29)</b>	<b>25,541.52</b>
<b>Non-financial Assets</b>						
Current tax assets (Net)	57.90	-	57.90	18.59	-	18.59
Deferred tax assets (Net)	-	-	-	-	-	-
Right of use asset	-	274.63	274.63	-	-	-
Property, plant and equipment	45.34	-	45.34	40.99	-	40.99
Intangible assets under development	1.32	-	1.32	51.35	-	51.35
Intangible assets	463.05	-	463.05	595.73	-	595.73
Other non-financial assets	225.47	-	225.47	152.43	-	152.43
<b>Total non-financial assets</b>	<b>793.09</b>	<b>274.63</b>	<b>1,067.72</b>	<b>859.09</b>	<b>-</b>	<b>859.09</b>
<b>TOTAL ASSETS</b>	<b>26,095.11</b>	<b>122.65</b>	<b>26,217.77</b>	<b>26,409.90</b>	<b>(9.29)</b>	<b>26,400.61</b>
<b>LIABILITIES AND EQUITY</b>						
<b>LIABILITIES</b>						
<b>Financial liabilities</b>						
Trade payables	74.36	-	74.36	97.28	-	97.28
Other financial liabilities	-	289.22	289.22	6.11	-	6.11
<b>Total financial liabilities</b>	<b>74.36</b>	<b>289.22</b>	<b>363.58</b>	<b>103.39</b>	<b>-</b>	<b>103.39</b>
<b>Non-financial liabilities</b>						
Provisions	232.02	-	232.02	229.58	-	229.58
Other non-financial liabilities	43.92	(7.04)	36.88	39.13	(0.07)	39.06
<b>Total non-financial liabilities</b>	<b>275.94</b>	<b>(7.04)</b>	<b>268.90</b>	<b>268.71</b>	<b>(0.07)</b>	<b>268.64</b>
<b>EQUITY</b>						
Equity share capital	8,476.69	-	8,476.69	8,476.69	-	8,476.69
Other equity	17,268.12	(159.53)	17,108.59	17,561.11	(9.22)	17,551.89
<b>Total equity</b>	<b>25,744.81</b>	<b>(159.53)</b>	<b>25,585.28</b>	<b>26,037.80</b>	<b>(9.22)</b>	<b>26,028.59</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>26,095.11</b>	<b>122.65</b>	<b>26,217.76</b>	<b>26,409.90</b>	<b>(9.29)</b>	<b>26,400.61</b>

Notes forming part of the standalone financial statements (Continued)  
for the year ended 31 March 2020

Amounts in ₹ lakhs

Particulars	For the year ended 31 March 2019		
	As per Indian GAAP	Adjustment	As per Ind AS
<b>Revenue from operations</b>			
Interest Income	2,123.10	(8.25)	2,114.85
Fees and commission Income	121.75	(121.75)	(0.00)
Net gain on fair value changes	171.43	(7.46)	163.97
Other Income (Revenue from operations)	3.55	-	3.55
<b>Total revenue from operations</b>	<b>2,419.83</b>	<b>(137.46)</b>	<b>2,282.37</b>
Other income	2.86	-	2.86
<b>Total income</b>	<b>2,422.69</b>	<b>(137.46)</b>	<b>2,285.23</b>
<b>Expenses</b>			
Finance costs	-	20.83	20.83
Impairment on financial instruments	68.55	148.60	217.15
Employee benefits expenses	1,532.65	6.72	1,539.37
Depreciation and amortization	260.48	47.05	307.53
Others expenses	1,222.07	(203.63)	1,018.44
<b>Total expenses</b>	<b>3,083.75</b>	<b>19.57</b>	<b>3,103.32</b>
<b>Profit before tax</b>	<b>(661.06)</b>	<b>(157.03)</b>	<b>(818.09)</b>
Tax expense:			
(1) Current tax	-	-	-
(2) Deferred tax	-	-	-
<b>Total tax expense</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Profit for the period</b>	<b>(661.06)</b>	<b>(157.03)</b>	<b>(818.09)</b>
<b>Other comprehensive income</b>			
(i) Items that will not be reclassified to profit or loss	-	-	-
-Re-measurement of defined benefit plan	-	-	-
(ii) Income tax relating to items that will not be reclassified to profit or loss	-	-	-
<b>Other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the period</b>	<b>(661.06)</b>	<b>(157.03)</b>	<b>(818.08)</b>

\* Ind AS 101 requires reconciliations of its equity reported in accordance with previous GAAP to its equity in accordance with Ind AS and a reconciliation to its total comprehensive income in accordance with Ind AS for the latest period in the entity's most recent annual financial statements. The Company has chosen to provide reconciliation of amount reported in accordance with previous GAAP to amount reported under Ind AS for each line item of balance sheet and statement of profit and loss as an additional disclosure.

# The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

Notes forming part of the standalone financial statements (Continued)  
*for the year ended 31 March 2020*

Amounts in ₹ lakhs

50. First-time adoption of Ind AS

Transition to Ind AS

These are the company's first standalone financial statements prepared in accordance with Ind AS.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31 March 2020 the comparative information presented in these financial statements for the year ended 31 March 2019 and in the preparation of an opening Ind AS balance sheet at April 1, 2018 (the Company's date of transition). In preparing its opening Ind AS balance sheet, the Company has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP or IGAAP). An explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows is set out in the following tables and notes.

Reconciliations between previous GAAP and Ind AS

Ind AS 101 requires a first time adopter to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from previous GAAP to Ind AS.

i) Reconciliation of Total equity between previous GAAP and Ind AS:

Amounts in ₹ lakhs

	As at 31 March 2019	As at 01 April 2018
<b>Total equity as per previous GAAP</b>	25,744.82	26,037.79
Adjustments:		
Reversal of provisions created under Indian GAAP	69.00	0.45
Recognition of impairment as per expected credit loss method	(245.84)	(0.45)
Amortisation of structuring fees using the effective interest rate method	21.51	-
Recognition of Interest income on Stage 3 assets	2.85	-
MTM Gain on Mutual Fund investment	15.89	23.36
Security deposit fair valuation	(0.34)	-
Reversal of existing lease accounting entries under IGAAP	7.04	0.07
Recognition of lease expenses as per Ind AS 116.	(25.24)	-
ECL on Investment at amortised cost	(4.41)	(32.64)
<b>Total adjustments</b>	<b>(159.53)</b>	<b>(9.21)</b>
<b>Total equity as per Ind AS</b>	<b>25,585.29</b>	<b>26,028.58</b>

ii) Reconciliation of profit as per Ind AS with profit reported under previous GAAP:

	Note	For year ended 31 March 2019
<b>Net profit after tax as per previous GAAP</b>		<b>(661.06)</b>
Adjustments:		
Reversal of provisions created under Indian GAAP	(i)	68.55
Recognition of impairment as per expected credit loss method	(i)	(245.39)
Accounting for share based payments	(ii)	(6.03)
Amortisation of structuring fees using the effective interest rate method	(iii)	21.51
Recognition of Interest income on Stage 3 assets	(iv)	2.85
MTM Gain on Mutual Fund investment	(v)	(7.46)
Remeasurement of defined benefit -Gratuity plan	(vi)	(0.69)
Security deposit fair valuation	(vii)	(0.34)
Reversal of existing lease accounting entries under IGAAP	(viii)	6.97
Recognition of lease expenses as per Ind AS 116.	(viii)	(25.24)
ECL on Investment at amortised cost	(ix)	28.24
<b>Total adjustments</b>		<b>(157.03)</b>
<b>Profit after tax as per Ind AS</b>		<b>(818.09)</b>
<b>Other Comprehensive Income:</b>		
Reclassification of actuarial losses to OCI (net of tax)	(x)	0.69
<b>Total comprehensive income as per Ind AS</b>		<b>(817.40)</b>

iii) Impact of Ind AS adoption on the standalone statements of cash flows for the year ended 31 March 2019

	Previous GAAP	Adjustments	Ind AS
Net cash flow from operating activities	(5,924.79)	(922.71)	(6,847.50)
Net cash flow from investing activities	5,919.48	963.11	6,882.59
Net cash flow from financing activities	-	(40.40)	(40.40)
Net increase/(decrease) in cash and cash equivalents	(5.31)	-	(5.31)
<b>Cash and cash equivalents as at April 1, 2018</b>	<b>124.02</b>	<b>-</b>	<b>124.02</b>
Effects of exchange rate changes on cash and cash equivalents	-	-	-
<b>Cash and cash equivalents as at 31 March 2019</b>	<b>118.71</b>	<b>-</b>	<b>118.71</b>



**d) Notes to first-time adoption:**

**i) Expected Credit loss**

Under previous GAAP, provisions against loans and advances were made as per the prudential norms specified by the RBI. In accordance with Ind AS 109, the Company is required to recognise provisions by applying the expected credit loss model. Accordingly, the Company has reversed all outstanding provisions created against advances under the previous GAAP amounting to ₹ 69.00 lakhs as at 31 March 2019 (₹ 0.45 lakhs as on 01 April 2018) with a corresponding adjustment statement of profit and loss and equity respectively. Consequently, the Company impaired its loans and advances by ₹ 0.45 lakhs on 1 April 2018.

Further, the Company has also created an impairment provision against its loans amounting to ₹ 245.39 lakhs for year ended 31 March 2019 by applying the expected credit loss model prescribed under Ind AS 109.

**ii) Employee stock option expense**

Under previous GAAP, the Company had used the intrinsic value method to account for the compensation cost of stock to employees of the Company. Intrinsic value is the amount by which the quoted market price of the underlying share on the date, prior to the date of the grant, exceeds the exercise price of the Option. Under Ind AS 102, the grant date fair value of the employee stock options should be recognised over the vesting period by debiting the 'Employee benefit expense' in the statement of profit and loss and crediting 'Share option outstanding reserve' under other equity. Consequently the share option outstanding account is increased by ₹ 6.03 lakhs with the corresponding debit to retained earnings as at 31 March 2019 (April 1, 2018 - Nil). Profit for the year ended 31 March 2019 has been reduced by ₹ 6.03 lakhs due to additional employee benefit expense.

**iii) Accounting for effective interest rates**

Under previous GAAP, all the transaction costs/incomes integral to origination of loans and advances were recognised upfront on an accrual basis. Under Ind AS 109, these transaction costs/incomes related to origination of loans and advances are amortised using the effective interest rate (EIR) method over the contractual life of the loans and advances.

There was no adjustment against equity as on 01 April 2018 as the fees and income diluted the net impact on equity. Profit for the year ended 31 March 2019 has been increased by ₹ 21.51 lakhs due to this change.

**iv) Interest reversal on Stage 3 financial assets**

Under previous GAAP, the Company did not accrue interest on stage 3 assets. Under Ind AS, the Company has recognized interest on stage 3 assets. There was no adjustment against equity as on 01 April 2018 as there were no stage 3 assets. Profit for the year ended 31 March 2019 has been increased by ₹ 2.85 lakhs due to this change.

**v) Fair valuation of investments subsequently measured under FVTPL**

Under previous GAAP, investments in Mutual Fund were classified as long-term investments or current investments based on the intended holding period and realisability. Long-term investments were carried at cost less provision for other than temporary decline in the value of such investments. Current investments were carried at lower of cost and fair value. Under Ind AS, mutual funds are required to be measured at fair value. As a result of this change, profit as at 31 March 2019 decreased by 7.46 lakhs.

**v) Reclassification of provision of standard / non-performing assets (NPA)**

Under Indian GAAP provision for NPA and standard asset were presented under provisions. However, under Ind AS financial assets measured at amortised cost (majorly loans) are presented net of provision for expected credit losses. Consequently, the Company has reclassified the Indian GAAP provisions for standard assets / NPA's amounting to ₹ 0.45 lakhs and ₹ 69.00 lakhs as on 1 April 2018 and 31 March 2019.

**vi) Remeasurements of post-employment benefit obligations**

Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these remeasurements were forming part of the profit or loss for the year. As a result of this change, the profit for the year ended 31 March 2019 and 31 March 2020 decreased by ₹ 0.69 lakhs and 11.95 lakhs respectively. There is no impact on the total equity as at 1 April 2018.

**vii) Security deposits initially recognised at amortised cost**

Under previous GAAP, the Company accounted for refundable security deposits liability taken from customers at carrying cost. Under Ind AS, these deposits have been accounted at amortised cost determined using the appropriate market rate.

**viii) Lease accounting**

Under previous GAAP, the Company accounted for lease by recognising lease rentals as an expense on a straight-line basis over the lease period. Under IND AS 116, at the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e. the lease liability) and an asset representing the right of use asset. Interest expense on the lease liability and the depreciation expense on the right-of-use asset is recognised separately.

As a result of this change, the profit for year ended 31 March 2019 decreased by ₹ 18.27 lakhs (net).

**ix) Expected Credit loss on Investments**

Under previous GAAP, Investments were classified into long term and current investments at the time of purchase of each investment.

Long-term investments were carried at cost less provision for other than temporary decline in the value of such investments. Current investments were carried at lower of cost and fair value. Under IND AS, the company is required to recognise provisions by applying the expected credit loss model on investments carried at amortised cost (including bank balance other than cash and cash equivalents).

As on 01 April 2018, The company adjusted the equity by creating a provision of ₹ 32.64 lakhs. Further a reversal of ₹ 28.24 lakhs has been recognised for year ended 31 March 2019.

**x) Other comprehensive income**

Under Ind AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the statement of profit and loss as 'other comprehensive income' includes remeasurements of defined benefit plans. The concept of other comprehensive income did not exist under previous GAAP.

**xi) Deferred tax**

Indian GAAP requires deferred tax accounting using the statement of profit and loss approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences. In addition, the various transitional adjustments lead to temporary differences. According to the accounting policies, the company has to account for such differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or a separate component of equity.

As per our report of even date.

For **B S R & Co. LLP**

*Chartered Accountants*

Firm's Registration No: 101248W/W-100022

For and on behalf of the Board of Directors of  
**Niyogin Fintech Limited**

**CIN No: L65910-MH1988-PLC23-9746**

**Sameer Mota**

*Partner*

Membership No: 109928

Mumbai

12 May 2020

**Makarand Patankar**

*Director*

DIN : 01584128

Mumbai

**Rumit Dugar**

*Chief Financial Officer*

Mumbai

**Amit Rajpal**

*Chairman & Non-Executive Director*

DIN : 07557866

Hong Kong

## Independent Auditor's Report

To the Members of

Niyogin Fintech Limited

### Report on the Audit of the Consolidated Financial Statements

#### Opinion

We have audited the consolidated financial statements of Niyogin Fintech Limited (hereinafter referred to as the 'Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as the 'Group'), which comprise the consolidated balance sheet as at 31 March 2020, and the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as the 'consolidated financial statements').

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditors on separate financial statements of such subsidiaries, as were audited by the other auditors, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 (the 'Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2020, of its consolidated loss and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended.

#### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing ('SAs') specified under section 143 (10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in the 'Other Matter' paragraph below, is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

## Emphasis of matter

As described in Note 46 (a) to the consolidated financial statements, in respect of accounts overdue but standard as at 29 February 2020 where moratorium benefit has been granted, the staging of those accounts as at 31 March 2020 is based on the days past due status as on 29 February 2020 in accordance with Reserve Bank of India COVID-19 Regulatory Package.

As described in Note 46 (b) to the consolidated financial statements, the extent to which the COVID-19 pandemic will impact the Group's financial performance is dependent on future developments, which are highly uncertain.

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

## Key Audit Matters

Key audit matters are those matters 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.

Key audit matter	How the matter was addressed in our audit
<b>Impairment of loans and advances to customers</b>	
<b>Charge: Rs. 1,371.12 Lakh for year ended 31 March 2020</b>	
<b>Provision: Rs. 1,616.96 Lakh as at 31 March 2020</b>	
<i>Refer to the accounting policies in the consolidated financial statements: Note 3.6 to the consolidated financial statements: 'Significant Accounting Policies' and Note 7 to the consolidated financial statements: 'Loans'</i>	

<p><b>Subjective estimate</b></p> <p>Recognition and measurement of impairment of loans and advances involve significant management judgement.</p> <p>Under Ind AS 109, Financial Instruments, allowance for loan losses are determined using expected credit loss ('ECL') model. The Group's impairment allowance is derived from estimates including the historical default. Management exercises judgement in determining the quantum of loss based on a range of factors.</p> <p>The most significant areas are:</p> <ul style="list-style-type: none"> <li>- Determination of exposure at default</li> <li>- Loan staging criteria</li> <li>- Calculation of probability of default</li> <li>- Consideration of probability weighted scenarios and forward looking macro-economic factors</li> </ul> <p>The application of ECL model requires several data inputs. This increases the risk of completeness and accuracy of the data that has been used to create assumptions in the model. In some cases, data is unavailable and reasonable alternatives have been applied to allow calculations to be performed.</p>	<p>Our audit procedures included the following:</p> <p><b>Design / controls</b></p> <ul style="list-style-type: none"> <li>• Evaluated the appropriateness of the impairment principles based on the requirements of Ind AS 109, our business understanding and industry practice.</li> <li>• Understood management's revised processes, systems and controls implemented in relation to impairment allowance process, particularly in view of COVID-19 regulatory package.</li> <li>• Evaluated management's controls over collation of relevant information used for determining estimates for management overlays on account of COVID-19.</li> <li>• Tested the controls over 'Governance Framework' in line with the RBI guidance.</li> <li>• Assessed the design and implementation of key internal financial controls over loan impairment process used to calculate the impairment charge.</li> <li>• Tested review controls over measurement of impairment allowances and disclosures in the consolidated financial statements.</li> </ul>
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Key audit matter	How the matter was addressed in our audit
<b>Charge: Rs. 1,371.12 Lakh for year ended 31 March 2020</b>	
<b>Provision: Rs. 1,616.96 Lakh as at 31 March 2020</b>	
<i>Impact of COVID-19</i>	<b>Substantive tests</b>
<p>On 11 March 2020, the World Health Organisation declared the Novel Coronavirus (COVID-19) outbreak to be a pandemic.</p>	<ul style="list-style-type: none"> <li>Assessed the appropriateness of management's rationale for determination of criteria for SICR considering both: adverse effects of COVID 19 and mitigants in the form of the RBI / Government financial relief package.</li> </ul>
<p>We have identified the impact of, and uncertainty related to the COVID 19 pandemic as a key element and consideration for recognition and measurement of impairment of loans and advances on account of:</p>	<ul style="list-style-type: none"> <li>Assessed the appropriateness of macroeconomic factors and management overlays to calibrate the risks that are not yet fully captured by the existing model.</li> </ul>
<ul style="list-style-type: none"> <li>Short-term and long-term macroeconomic effect on businesses in the country and globally and its consequential first order and cascading negative impact on revenue and employment generation opportunities;</li> <li>impact of the pandemic on the Group's customers and their ability to repay dues; and</li> <li>application of regulatory package announced by Reserve Bank of India ('RBI') on asset classification and provisioning.</li> </ul>	<ul style="list-style-type: none"> <li>We used our modelling specialist to test the model methodology and reasonableness of assumptions used including management overlays.</li> <li>We focused on appropriate application of accounting principles, assessing completeness and accuracy of the data and reasonableness of assumptions used in the model.</li> <li>We used our modelling specialist to test the model methodology and reasonableness of assumptions used including management overlays.</li> </ul>
<p>Management has conducted a qualitative assessment of significant increase in credit risk (SICR) of the loan portfolio with respect to the moratorium benefit to borrowers prescribed by the RBI and considered updated macroeconomic variable and the use of management overlays to reflect potential impact of COVID-19 on expected credit losses on its loan portfolio.</p>	<ul style="list-style-type: none"> <li>Focused on appropriate application of accounting principles and reasonableness of assumptions used in the model.</li> <li>Performed test of details over calculation of impairment allowance for assessing the completeness, accuracy and relevance of data.</li> <li>Model calculations were tested through re-performance where possible.</li> <li>Appropriateness of management's judgments was also independently reconsidered in respect of calculation methodologies, economic factors, the period of historical default rates used.</li> <li>Assessed the factual accuracy and appropriateness of the disclosures are made in the consolidated financial statement regarding impact of COVID-19.</li> </ul>

Key audit matter	How the matter was addressed in our audit
<b>Business combination - Acquisition of InvestDirect Capital Services Private Limited</b>	
<p>During the financial year ended 31 March 2020, the Holding Company has completed the acquisition of InvestDirect Capital Services Private Limited ('InvestDirect').</p> <p>We considered the audit of accounting for this acquisition to be a key audit matter as this is a significant transaction during the year which require significant management judgement regarding:</p> <ul style="list-style-type: none"> <li>• Assessment of control or joint control over acquisition of InvestDirect.</li> <li>• Allocation of the purchase price to the assets and liabilities acquired and adjustments made to align accounting policies of the newly acquired entities with the Group.</li> <li>• Fair valuation of the assets and liabilities acquired and to identify intangible assets acquired in the acquisition.</li> <li>• Accounting and disclosures given in the consolidated financial statements in accordance with the Ind AS 103.</li> </ul>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• We have read the shareholders' agreements, approval of the Securities and Exchange Board of India and other related documents to obtain an understanding of the transactions and the key terms and conditions.</li> <li>• Evaluated the control assessment made by management and assess whether the appropriate accounting treatment has been applied to the transaction.</li> <li>• Read the valuation reports for the purchase price considerations paid for the acquisition. We tested the identification and fair valuation of the tangible and intangible assets acquired and liabilities by evaluating this identification based on our discussion with management and understanding of the business.</li> <li>• Understood valuation methodologies used by management and the external valuation experts in the fair valuation of acquired assets and liabilities</li> <li>• Used valuation experts to challenge the methodology and key assumptions used in allocation of the purchase price to various assets and liabilities acquired and the resultant fair values arrived at.</li> <li>• We also assessed the compliance of the disclosures made in the consolidated financial statements with the relevant accounting standards.</li> </ul>

## Other Information

The Holding Company's management and the Board of Directors are responsible for the other information. The other information comprises the information included in the Holding Company's annual report, but does not include the consolidated financial statements and our auditors' report thereon. The other information is expected to be made available to us after the date of this auditor's report.

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 annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

### **Management's and Board of Directors' Responsibilities for the Consolidated Financial Statements**

The Holding Company's Management and the Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit/ loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group including its accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ('Ind AS') specified under section 133 of the Act. The respective Management and the Board of Directors 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 the assets of each company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring 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 Management and Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Management and the Board of Directors of the companies included in the Group are responsible for assessing the ability of each company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group is responsible for overseeing the financial reporting process of each company.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

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 SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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



- Identify and assess the risks of material misstatement of the 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 the internal financial controls with reference to the consolidated financial statements and the operating effectiveness of such controls based on our audit.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management and the Board of Directors.
- Conclude on the appropriateness of Management and the Board of Directors use of the going concern basis of accounting in preparation of the consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. 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.
- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of such entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in para (a) of the section titled 'Other Matter' in this audit report.

We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matter, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

## Other Matter

We did not audit the financial statements of two subsidiaries whose financial statements reflect total assets of Rs. 167.69 lac as at 31 March 2020, total revenues of Rs. 42.25 lac and net cash outflows amounting to Rs. 33.20 lac for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the audit reports of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

## Report on Other Legal and Regulatory Requirements

- A. As required by Section 143 (3) of the Act, based on our audit and on the consideration of reports of the other auditors on separate financial statements of such subsidiaries as were audited by other auditors, as noted in the 'Other Matter' paragraph, 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 purposes 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 balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows 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 the 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 as on 31 March 2020 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the group companies incorporated in India is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164 (2) of the Act.

- f) With respect to the adequacy of the internal financial controls with reference to the consolidated financial statements of the Holding Company and its subsidiary companies incorporated in India and the operating effectiveness of such controls, refer to our separate Report in 'Annexure A'.
- B. With respect to the other matter to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on the separate financial statements of the subsidiaries as noted in the 'Other Matter' paragraph:
- i. There were no pending litigations as at 31 March 2020 which would impact the consolidated financial position of the Group;
  - ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended 31 March 2020;
  - iii. There are no amounts which are required to be transferred to the Investor Education and Protection Fund by the Holding Company or its subsidiary companies incorporated in India during the year ended 31 March 2020; and
  - iv. The disclosures in the consolidated financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to December 2016 have not been made in the consolidated financial statements since they do not pertain to the financial year ended 31 March 2020.
- C. With respect to the matter to be included in the Auditor's report under section 197 (16):
- In our opinion and according to the information and explanations given to us and based on the reports of the statutory auditors of such subsidiary companies incorporated in India which were not audited by us, the remuneration paid during the current year by the Holding Company and its subsidiary companies to its directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by the Holding Company and its subsidiary companies is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197 (16) which are required to be commented upon by us.

For **B S R & Co. LLP**

*Chartered Accountants*

Firm's Registration No: 101248W/W-100022

**Sameer Mota**

*Partner*

Mumbai

12 May 2020

Membership No: 109928

UDIN: 20109928AAAABI6251

## Annexure A to the Independent Auditor's report on the consolidated financial statements of Niyogin Fintech Limited for the year ended 31 March 2020

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

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

### Opinion

In conjunction with our audit of the consolidated financial statements of the Company and its subsidiaries (collectively referred as the 'Group') as of and for the year ended 31 March 2020, we have audited the internal financial controls with reference to the consolidated financial statements of Niyogin Fintech Limited (hereinafter referred to as the 'Holding Company'), as of that date.

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

### Management's Responsibility for Internal Financial Controls

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

### Auditor's Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to the consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to the consolidated financial statements included obtaining an understanding of internal financial controls with reference to the consolidated financial statements, assessing the risk that a material weakness exists, and testing and

evaluating the design and operating effectiveness of the internal controls based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

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

### **Meaning of Internal Financial controls with Reference to the Consolidated Financial Statements**

A company's internal financial controls with reference to the consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the consolidated financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to the consolidated financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of the 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 the Consolidated Financial Statements**

Because of the inherent limitations of internal financial controls with reference to the 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 the consolidated financial statements to future periods are subject to the risk that the internal financial controls with reference to the consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**For B S R & Co. LLP**

*Chartered Accountants*

Firm's Registration No: 101248W/W-100022

**Sameer Mota**

Mumbai

*Partner*

12 May 2020

Membership No: 109928  
UDIN: 20109928AAAABI6251

## Consolidated Balance Sheet

as at 31 March 2020

Amounts in ₹ lakhs

Particulars	Note	As at 31 March 2020
<b>ASSETS</b>		
<b>Financial assets</b>		
Cash and cash equivalents	4	809.98
Bank balance other than cash and cash equivalents above	5	3,771.73
<b>Receivables</b>		
(i) Trade receivables	6(a)	4.03
(ii) Other receivables	6(b)	11.52
Loans	7	12,619.50
Investments	8	5,971.82
Other financial assets	9	54.62
<b>Total financial assets</b>		<b>23,243.20</b>
<b>Non-financial Assets</b>		
Income tax assets	31	129.45
Right of use asset		208.88
Property, plant and equipment	10(a)	27.95
Intangible assets under development		6.65
Intangible assets	10(b)	663.03
Goodwill		450.94
Other non-financial assets	11	308.39
<b>Total non-financial assets</b>		<b>1,795.29</b>
<b>TOTAL ASSETS</b>		<b>25,038.49</b>
<b>LIABILITIES AND EQUITY</b>		
<b>LIABILITIES</b>		
<b>Financial liabilities</b>		
Payables	12	
(i) Trade payables		
a) total outstanding dues of micro enterprises and small enterprises		11.96
b) total outstanding dues of creditors other than micro enterprises and small enterprises		106.00
Borrowings (other than debt securities)	13	22.10
Contract liabilities	14	1.92
Other financial liabilities	15	282.26
<b>Total financial liabilities</b>		<b>424.24</b>
<b>Non-financial liabilities</b>		
Provisions	16	261.68
Deferred tax liabilities	17	99.50
Other non-financial liabilities	18	46.35
<b>Total non-financial liabilities</b>		<b>407.53</b>
<b>EQUITY</b>		
Equity share capital	19	8,598.55
Other equity	20	15,540.97
<b>Equity attributable to owners of Niyogin Fintech Limited</b>		<b>24,139.52</b>
<b>Non-controlling interests</b>		<b>67.20</b>
<b>Total Equity</b>		<b>24,206.72</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>25,038.49</b>
Summary of significant accounting policies	3	
The accompanying notes are an integral part of the financial statements.		
As per our report of even date.		
For B S R & Co. LLP Chartered Accountants Firm's Registration No: 101248W/W-100022	For and on behalf of the Board of Directors of Niyogin Fintech Limited CIN No: L65910-MH1988-PLC23-9746	
Sameer Mota Partner	Makarand Patankar Director	Amit Rajpal Chairman & Non-Executive Director
Membership No: 109928	DIN : 01584128 Mumbai	DIN : 07557866 Hong Kong
Mumbai 12 May 2020	Rumit Dugar Chief Financial Officer Mumbai	

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

Amounts in ₹ lakhs

Particulars	Note	Year ended 31 March 2020
<b>Revenue from operations</b>		
Interest income	21	2,469.02
Fees and commission Income	22	5.71
Net gain on fair value changes	23	267.94
Other income (Revenue from operations)	24	48.53
<b>Total revenue from operations</b>		<b>2,791.20</b>
Other income	25	13.62
<b>Total income</b>		<b>2,804.82</b>
<b>Expenses</b>		
Finance costs	26	30.38
Impairment on financial instruments	27	1,700.25
Employee benefits expenses	28	1,843.00
Depreciation and amortization	29	408.99
Others expenses	30	1,287.11
<b>Total expenses</b>		<b>5,269.73</b>
<b>Loss before tax</b>		<b>(2,464.91)</b>
Tax expense:	31	
(1) Current tax		-
(2) Deferred tax		(13.14)
<b>Total tax expense</b>		<b>(13.14)</b>
<b>Loss for the year</b>		<b>(2,451.77)</b>
<b>Other comprehensive income</b>		
(i) Items that will not be reclassified to profit or loss		
- Re-measurement of defined benefit plan		11.95
- Income tax relating to items that will not be reclassified to profit or loss		-
<b>Other comprehensive income</b>		<b>11.95</b>
<b>Total comprehensive loss for the year</b>		<b>(2,439.82)</b>
Profit is attributable to:		
Owners of Niyogin Fintech Limited		(2,390.55)
Non-controlling interests		(61.22)
Other comprehensive income is attributable to:		
Owners of Niyogin Fintech Limited		11.95
Non-controlling interests		-
<b>Total comprehensive loss is attributable to:</b>		
<b>Owners of Niyogin Fintech Limited</b>		<b>(2,378.60)</b>
<b>Non-controlling interests</b>		<b>(61.22)</b>
<b>Earnings per equity share</b>		
Basic (₹)		(2.87)
Diluted (₹)		(2.87)

Summary of Significant accounting policies

3

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No: 101248W/W-100022

For and on behalf of the Board of Directors of

Niyogin Fintech Limited

CIN No: L65910-MH1988-PLC23-9746

**Sameer Mota**

Partner

Membership No: 109928

Mumbai  
12 May 2020

**Makarand Patankar**

Director

DIN : 01584128  
Mumbai

**Rumit Dugar**  
Chief Financial Officer  
Mumbai

**Amit Rajpal**

Chairman & Non-  
Executive Director

DIN : 07557866  
Hong Kong

## Consolidated Cash Flow Statement for the year ended 31 March 2020

Amounts in ₹ lakhs

Particulars	For year ended 31 March 2020
<b>CASH FLOW FROM OPERATING ACTIVITIES :</b>	
Loss before tax:	(2,464.91)
Adjustments :	
Interest income on loans	(1,504.64)
Interest on investments	(643.71)
Interest on deposits with banks	(317.98)
Depreciation and amortisation	408.99
Net gain on fair value changes	(61.58)
Modification gain on financial instrument	1,700.25
Impairment on financial instruments	389.23
Interest expense on lease liability	28.70
Interest income on security deposit	(2.68)
Derecognition gain on leases	(1.69)
Finance cost classified as financing activity	1.68
Re-measurement of defined benefit plan	11.95
<b>Operating profit before working capital changes</b>	<b>(2,456.40)</b>
<b>Adjustments for (increase)/ decrease in operating assets:</b>	
Trade receivables	(3.56)
Other receivables	1.57
Loans	(9,103.42)
Other financial assets	(165.30)
Other non financial assets	0.35
<b>Adjustments for increase/ (decrease) in operating liabilities</b>	
Trade payables	9.95
Other financial liabilities	(29.21)
Provisions	29.65
Contract liabilities	1.92
Other non financial liabilities	9.23
<b>Net cash used in operating activities</b>	<b>(11,705.22)</b>
Cash inflow from interest income on loans	1,341.14
<b>Net cash used in operating activities</b>	<b>(10,364.08)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES :</b>	
Sale of investment	20,302.10
Purchase of investments	(11,043.14)
Net proceeds / (outflows) from sale and purchase of mutual fund units	1,261.15
Investment in fixed deposits	(9,720.82)
Proceeds from maturity of fixed deposits	10,394.81
Purchase of property, plant and equipments	(4.26)
Purchase of intangible assets	(26.48)
<b>Net cash generated from investing activities</b>	<b>11,163.36</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES :</b>	
Proceed of issue of shares	52.57
Repayment of lease liability	(88.12)
Repayment of borrowings other than debt securities	(76.00)
Finance cost classified as financing activity	(1.68)
<b>Net cash generated from financing activities</b>	<b>(113.23)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND BANK BALANCES</b>	<b>686.05</b>
Add : Cash and cash equivalents at beginning of the year	123.93
<b>Cash and cash equivalents at end of the year</b>	<b>809.98</b>



**Consolidated Cash Flow Statement**  
for the year ended 31 March 2020

Amounts in ₹ lakhs

Particulars	For year ended 31 March 2020
<b>Components of Cash and Cash Equivalents</b>	
<b>Particulars</b>	
Cash and cash equivalents at the end of the period	
- Cash on hand	0.23
- Balance with bank in current account	809.75
<b>Total</b>	<b>809.98</b>

The above statement of cash flow has been prepared under the 'Indirect method' as set out in Ind AS 7 on 'Statement of cash flows'.

As per our report of even date.

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

For and on behalf of the Board of Directors of  
**Niyogin Fintech Limited**  
CIN No: L65910-MH1988-PLC23-9746

**Sameer Mota**  
Partner

**Membership No: 109928**

Mumbai  
12 May 2020

**Makarand Patankar**  
Director

DIN : 01584128  
Mumbai

**Rumit Dugar**  
Chief Financial Officer  
Mumbai

**Amit Rajpal**  
Chairman & Non-  
Executive Director  
DIN : 07557866  
Hong Kong

Consolidated Statement of changes in equity  
for the year ended 31 March 2020

Amounts in ₹ lakhs

**A. Equity share capital**

Particulars	Number	Amount
As at 31 March 2019	8,47,66,883	8,476.69
Changes in equity share capital during the year	12,18,592	121.86
<b>As at 31 March 2020</b>	<b>8,59,85,475</b>	<b>8,598.55</b>

**B. Other equity**

Particulars	Reserves and surplus					Total other equity
	Securities premium	Capital Redemption reserve	Special reserve	Retained earnings	Share based options outstanding	
<b>As at 31 March 2019</b>	18,297.33	-	1.89	(1,564.73)	374.11	17,108.60
Loss for the year	-	-	-	(2,390.55)	-	(2,390.55)
Other comprehensive income	-	-	-	11.95	-	11.95
<b>Total comprehensive loss for the year</b>	-	-	-	(2,378.60)	-	(2,378.60)
Additions	515.05	-	-	-	-	515.05
Transfer to retained earnings	-	-	-	-	-	-
Charge during the year	-	-	-	-	295.92	295.92
<b>As at 31 March 2020</b>	<b>18,812.38</b>	-	<b>1.89</b>	<b>(3,943.33)</b>	<b>670.03</b>	<b>15,540.97</b>

As per our report of even date.

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

For and on behalf of the Board of Directors of  
**Niyogin Fintech Limited**  
CIN No: L65910-MH1988-PLC23-9746

**Sameer Mota**  
Partner

**Makarand Patankar**  
Director

**Amit Rajpal**  
Chairman & Non-Executive  
Director

Membership No: 109928

DIN : 01584128  
Mumbai

DIN : 07557866  
Hong Kong

Mumbai  
12 May 2020

**Rumit Dugar**  
Chief Financial Officer  
Mumbai

Notes forming part of the consolidated financial statements  
for the year ended 31 March 2020

Amounts in ₹ lakhs

## 1. Corporate Information

Niyogin Fintech Limited (erstwhile M3 Global Finance limited) ('the Parent Company') has been issued a new Certificate of Incorporation dated 12 May 2017 pursuant to the name change. It is a Non-Banking Financial Company ('NBFC') holding a valid Certificate of Registration Number B-13.02061 dated 29 May 2017 with the Reserve Bank of India ('the RBI'). It is a non-deposit taking non-systemically important Non-Banking Financial Company ('NBFC-ND-NSI'). The Parent Company together with its subsidiaries hereinafter collectively referred to as the 'Group'.

## 2. Basis of Preparation

### 2.1 Statement of Compliance

The consolidated financial statements have been prepared in accordance with the Indian Accounting Standards (the 'Ind AS') prescribed under section 133 of the Companies Act, 2013 (the 'Act').

These consolidated financial statements for the year ended 31 March 2020 are the Group's first consolidated financial statements and are prepared in accordance with Ind AS.

### 2.2 Basis of Measurement

The consolidated financial statements have been prepared on historical cost basis except for following assets and liabilities which have been measured at fair value amount:

- i) Investment in scheme of Mutual funds at fair value through profit and loss ('FVTPL')

### 2.3 Functional and Presentation Currency

The consolidated financial statements are presented in Indian Rupees (₹) which is the currency of the primary economic environment in which the Group operates (the 'functional currency'). The values are rounded to the nearest lakhs, except when otherwise indicated.

### 2.4 Principal of Consolidation

- (i) The consolidated financial statements incorporate the financial statements of the Parent Company and all its subsidiaries (from the date control is gained), being the entities that it controls. Control is evidenced where the investor 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. Power is demonstrated through existing rights that give the ability to direct relevant activities, which significantly affect the entity returns. The financial statements of subsidiaries are prepared for the same reporting

year as the Parent Company. Where necessary, adjustments are made to the financial statements of subsidiaries to align the accounting policies in line with accounting policies of the Parent Company. The Parent Company holds 50.01% shareholding in its subsidiaries and there are no contractual arrangements which rebut the control of the Parent Company over its subsidiaries.

The Group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses from the effective date of acquisition, as appropriate. IntraGroup balances and transactions, and any intraGroup borrowings and loans and other such balances arising from intraGroup transactions, are eliminated in preparing the consolidated financial statements.

(ii) The Consolidated financial statements include results of the subsidiaries of Niyogin Fintech Limited (Parent Company) consolidated in accordance with Ind AS 110 'Consolidated Financial Statements'.

Name of the company	Country of incorporation	Proportion of ownership as at reporting date	Consolidated as
Investdirect Capital Services Private Limited (ICSPL)	India	50.01%	Subsidiary

The Parent Company acquired 50.01% stake in ICSPL on 18 August 2019

Figures for preparation of consolidated financial statements have been derived from the audited financial statements of the respective companies in the Group.

(iii) Disclosure in terms of Schedule III of the Companies Act, 2013

	Net assets (i.e. total assets minus total liabilities)	Share in Profit or (Loss)			Share in total comprehensive income	
Name of entities of the Group	As a % of consolidated net assets	As a % of consolidated profit or loss	Amount in ₹ lakhs	Amount in ₹ lakhs	As a % of consolidated total comprehensive income	Amount in ₹ lakhs
Parent	99.63%	96.60%	(2,368.38)	11.95	96.58%	(2,356.43)
Subsidiary	0.37%	3.40%	(83.39)	-	3.42%	(83.39)
Total	100.00%	100.00%	(2,451.77)	11.95	100.00%	(2,439.82)

## 2.5 Use of estimates, judgements and assumptions

The preparation of the consolidated financial statements in conformity with Ind AS requires management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. Actual results may differ from the estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of

assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Following are the areas that involved a higher degree of estimates and judgement or complexity in determining the carrying amount of some assets and liabilities.

#### i) 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. For further details about determination of fair value refer note 3.8 and note 42.

#### ii) Effective interest rate ('EIR') method

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

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

#### iii) Impairment of financial asset

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

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

- a) The Group's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a life time expected credit loss ('LTECL') basis.
- b) Development of ECL models, including the various formulas and the choice of inputs.
- c) Determination of associations between macroeconomic scenarios and economic inputs as gross domestic products, and the effect on probability of default ('PD'), exposure at default ('EAD') and loss given default ('LGD').
- d) Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into ECL models.

#### iv) Provisions and other contingent liabilities

The Group operates in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent to its operations.

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

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

For further details on provisions and other contingencies refer note 3.16.

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

## 2.6 Presentation of the consolidated financial statements

The Group presents its balance sheet in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in Note 43.

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

- i) The normal course of business

ii) The event of default

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 3.1 Recognition of interest income

##### A. EIR method

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

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

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

##### B. Interest income

The Group calculates interest income by applying EIR to the gross carrying amount of financial assets other than credit impaired assets.

When a financial asset becomes credit impaired and is, therefore, regarded as 'stage 3', the Group calculates interest income on the net basis. If the financial asset cures and is no longer credit impaired, the Group reverts to calculating interest income on a gross basis.

## 3.2 Financial instrument - initial recognition

### A. Date of recognition

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

### B. Initial measurement of financial instruments

"The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments (Refer note 3.3(A)). Financial instruments are initially measured at their fair value (as defined in Note 3.8). Transaction costs are added to, or subtracted from this amount at initial recognition except in the case of financial assets and financial liabilities recorded at FVTPL.

Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in Statement of profit and loss."

### C. Measurement categories of financial assets and liabilities

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

- i) Amortised cost
- ii) FVOCI
- iii) FVTPL

## 3.3 Financial assets and liabilities

### A. Financial assets

#### Business model assessment

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

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

- a) How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Group's key management personnel.
- b) The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed



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

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

### "Solely payments of principal and interest (SPPI) test"

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

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

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

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

Accordingly, financial assets are measured as follows:

#### i) Financial assets carried at amortised cost ('AC')

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

#### ii) Financial assets measured at FVOCI

A financial asset is measured at FVOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

#### iii) Financial assets measured at FVTPL

A financial asset which is not classified in any of the above categories are measured at FVTPL.

## B. Financial liability

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

### 3.4 Reclassification of financial assets and liabilities

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

### 3.5 Derecognition of financial assets and liabilities

- i) Financial assets

#### A. Derecognition of financial assets due to substantial modification of terms and conditions

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

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

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

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

- ii) Financial liability

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

### 3.6 Impairment of financial assets

#### A. Overview of ECL principles

In accordance with Ind AS 109, the Group uses ECL model, for evaluating impairment of financial assets other than those measured at FVTPL.

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

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

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

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

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

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

**Stage 3:** Loans considered credit impaired are the loans which are past due for more than 90 days. The Group records an allowance for life time ECL.

Based on the above, the Group categorizes its investments and balances with banks into Stage 1, Stage 2 and Stage 3, as described below:

**Stage 1:** When investments and balances with banks are first recognised, it is categorised as Stage 1. Stage 1 would include all investments and balances with bank, not impaired or, have not experienced a significant increase in credit risk since initial recognition.

**Stage 2:**

- For facilities with rating grade AAA to B, three notch downgrades (without modifiers) shall be taken as stage 2.
- Any financial instrument with rating grade CCC or below classified as Stage 2 at origination.

**Stage 3:** All the investments and balances with banks will be considered as credit impaired which are past due for more than 90 days.

## B. Calculation of ECLs

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

**PD** - Probability of Default ('PD') is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio. For investments and balances with banks, the Group uses external ratings for determining the PD of respective instruments.

**EAD** - Exposure at Default ('EAD') is an estimate of the amount outstanding when the borrower defaults. It is the total amount of an asset the entity is exposed to at the time of default. It is defined based on characteristics of the asset.

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

The Group has calculated PD, EAD and LGD to determine impairment loss on the portfolio of loans and discounted at an approximation to the EIR. At every reporting date, the above calculated PDs, EAD and LGDs are reviewed and changes in the forward looking estimates are analysed.

The mechanics of the ECL method are summarised below:

**Stage 1:** The 12 months ECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Group calculates the 12 months ECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-months default probabilities are applied to a EAD and multiplied by the expected LGD.

**Stage 2:** When a loan has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECLs. The mechanics are similar to those explained above, but PDs and LGDs are estimated over the lifetime of the instrument.

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

## C. Forward looking information

In its ECL models, the Group relies on a broad range of forward looking macro parameters and estimated the impact on the default at a given point of time.

### i) Gross fixed investment (% of GDP)

### 3.7 Write-offs

Financial assets are written off when there are no prospects of recovery which are subject to management decision. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to other income in the statement of profit and loss.

### 3.8 Determination of fair value

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

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

- **Level 1 financial instruments:** Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Group has access to at the measurement date. The Group considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date;
- **Level 2 financial instruments:** Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads; and market-corroborated inputs.
- **Level 3 financial instruments:** Those that include one or more unobservable input that is significant to the measurement as whole.

### 3.9 (I) Recognition of other income

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

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

**Step 1:** Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

**Step 2:** Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

**Step 3:** Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

**Step 4:** Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

**Step 5:** Recognise revenue when (or as) the Group satisfies a performance obligation.

#### A. Other interest income

Interest income on security deposits and FD is recognised on a time proportionate basis.

#### B. Fees and other income

Processing fees not considered in EIR, service income, bounce charges, penal charges and foreclosure charges etc. are recognised on point in time basis.

### 3.9 (II) Recognition of other expense

#### A. Borrowing costs

Borrowing costs are the interest and other costs that the Group incurs in connection with the borrowing of funds. Borrowing costs that are directly attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

All other borrowing costs are charged to the statement of profit and loss for the period for which they are incurred.

### 3.10 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.

### 3.11 Property, plant and equipment

"Property, plant and equipment ('PPE') are carried at cost, less accumulated depreciation and impairment losses, if any. The cost of PPE comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use and other incidental expenses. Subsequent expenditure on PPE after its purchase is capitalized only if it is probable that the future economic benefits will flow to the enterprise and the cost of the item can be measured reliably.

Depreciation is calculated using the straight line method to write down the cost of property and equipment to their residual values over their estimated useful lives as specified under schedule II of the Act. Land is not depreciated.

The estimated useful lives are, as follows:

- i) Computer Equipments - 3 years
- ii) Office equipment - 5 years
- iii) Furniture and fixtures - 10 years

Depreciation is provided on a pro-rata basis from the date on which such asset is ready for its intended use.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

PPE is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in other income / expense in the statement of profit and loss in the year the asset is derecognised.

### 3.12 Intangible assets

The Group's intangible assets include the value of software. An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Group.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values over their estimated useful lives (three years) using the straight-line method, and is included in depreciation and amortisation in the statement of profit and loss.

### 3.13 Impairment of non financial assets - property, plant and equipments and intangible assets

The carrying values of assets / cash generating units at the each balance sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and if the carrying amount of these assets exceeds their recoverable amount, impairment loss is recognised in the statement of profit and loss as an expense, for such excess amount. The recoverable amount is the greater of the net selling price and value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the statement of profit and loss.

### 3.14 Leases

Ind AS 116 - Leases sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. The Group has opted for two recognition exemptions for lessees:

- leases of 'low-value' assets (e.g., personal computers)
- and short-term leases (i.e., leases with a lease term of 12 months or less).

At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset (cost model).

The Group has Lease agreements for taking office premises along with furniture and fixtures as applicable and premises on rental basis range of 36 months to 60 months wherein the Group is a lessee.



### 3.15 Retirement and other employee benefits

#### Defined contribution plans

The Group's contribution to provident fund and employee state insurance scheme are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

#### Defined benefit plans

The Group pays gratuity to the employees whoever has completed five years of service with the Group at the time of resignation / retirement. The gratuity is paid @15 days salary for every completed year of service as per the Payment of Gratuity Act, 1972.

The liability in respect of gratuity and other post-employment benefits is calculated using the Projected Unit Credit Method and spread over the period during which the benefit is expected to be derived from employees' services.

As per Ind AS 19, the service cost and the net interest cost are charged to the statement of profit and loss. Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in OCI.

#### Short-term employee benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages etc. and the expected cost of ex-gratia are recognised in the period in which the employee renders the related service. A liability is recognised for the amount expected to be paid when there is a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

### 3.16 Provisions, contingent liabilities and contingent assets

#### A. Provisions

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

## **B. Contingent liability**

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

## **C. Contingent asset**

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

### **3.18 Taxes**

#### **A. 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. Current tax is the amount of tax payable on the taxable income for the period as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or equity.

#### **B. Deferred tax**

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The carrying amount of deferred tax liabilities and assets are reviewed at the end of each reporting period.

A Deferred tax asset is recognised for the carryforward of unused tax losses and accumulated depreciation to the extent that it is probable that future taxable profit will be available against which the unused tax losses and accumulated depreciation can be utilised.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or equity.

"Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Group has a legally enforceable right for such set off.

### C. Goods and services tax paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the goods and services tax paid, except when the tax incurred on a purchase of assets or availing of services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

### 3.19 Earnings per share

Basic earnings per share ('EPS') is computed by dividing the profit after tax (i.e. profit attributable to ordinary equity holders) by the weighted average number of equity shares outstanding during the year.

Diluted EPS is computed by dividing the profit after tax (i.e. profit attributable to ordinary equity holders) as adjusted for after-tax amount of dividends and interest recognised in the period in respect of the dilutive potential ordinary shares and is adjusted for any other changes in income or expense that would result from the conversion of the dilutive potential ordinary shares, by the weighted average number of equity shares considered for deriving basic earnings per share as increased by the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits, right issue and bonus shares, as appropriate.

### 3.20 Dividends on ordinary shares

The Group recognises a liability to make cash or non-cash distributions to equity holders of the Group when the distribution is authorised and the distribution is no longer at the discretion of the Group. As per the Act, final dividend is authorised when it is approved by the shareholders and interim dividend is authorised when it is approved by the Board of Directors of the Group. A corresponding amount is recognised directly in equity.

Non-cash distributions are measured at the fair value of the assets to be distributed with fair value re-measurement recognised directly in equity.

Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in the statement of profit and loss.

### 3.21 CASH FLOW STATEMENT

Cash flows are reported using the indirect method as prescribed under Ind AS 7, whereby profit before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Group are segregated based on the available information.

Notes forming part of the consolidated financial statements (continued)  
as at 31 March 2020

Amounts in ₹ lakhs

Particulars	As at 31 March 2020
<b>4 Cash and Cash Equivalents</b>	
Cash on hand	0.23
Balance with banks	
- In current accounts	809.75
<b>Total</b>	<b>809.98</b>
<b>5 Bank balance other than Cash and Cash Equivalents above</b>	
Fixed deposits (with original maturity of more than 3 months) #	3,783.56
Less: Allowance for impairment loss	(11.83)
<b>Total</b>	<b>3,771.73</b>
# ₹ 15 lakhs earmarked for guarantee provided for lease of tablets.	
<b>6 Receivables</b>	
a) Trade receivables	4.03
b) Other receivables	11.52
<b>Total</b>	<b>15.55</b>
Secured - Considered good	
Unsecured - Considered good	15.55
Receivables which have significant increase in Credit Risk	-
Receivables - credit impaired	-
<b>Total - Gross</b>	<b>15.55</b>
(Less): Impairment loss allowance	-
<b>Total - Net</b>	<b>15.55</b>
<b>7 Loans</b>	
<b>Loans at amortised cost</b>	
Term Loans	14,236.46
<b>Total (A) - Gross</b>	<b>14,236.46</b>
(Less): Impairment loss allowance	(1,616.96)
<b>Total (A) - Net</b>	<b>12,619.50</b>
Secured by tangible assets	2,136.76
Secured by intangible assets	-
Covered by bank/government guarantees	-
Unsecured	12,099.70
<b>Total (B) - Gross</b>	<b>14,236.46</b>
(Less): Impairment loss allowance	(1,616.96)
<b>Total (B) - Net</b>	<b>12,619.50</b>
Loans in India	
- Public sector	-
- Others	14,236.46
<b>Loans within India - Gross</b>	<b>14,236.46</b>
(Less): Impairment loss allowance	(1,616.96)
<b>Loans within India - Net - (C)(i)</b>	<b>(1,616.96)</b>
Loans Outside India (C) (ii)	-
<b>Total (C) - Gross</b>	<b>14,236.46</b>
(Less): Impairment loss allowance	(1,616.96)
<b>Total (C) - Net</b>	<b>12,619.50</b>
<b>Loans at fair value through profit and loss</b>	
Loans	-
<b>Total (D)</b>	<b>-</b>
Loans outside India	-
Loans in India	-
<b>Total (D)</b>	<b>-</b>
<b>Grand total - Gross [(A) + (D)]</b>	<b>14,236.46</b>
<b>Grand total - Net [(C) + (D)]</b>	<b>12,619.50</b>

Notes forming part of the consolidated financial statements (continued)  
as at 31 March 2020

Amounts in ₹ lakhs

7 Loans (Continued)

7.1 An analysis of changes in the gross carrying amount and the corresponding ECL allowances

	As at 31 March 2020			Total
	Stage 1	Stage 2	Stage 3	
<b>Gross carrying amount opening balance</b>	<b>4,860.10</b>	<b>231.72</b>	<b>108.83</b>	<b>5,200.65</b>
Assets derecognised or repaid (excluding write offs)	2,840.77	23.63	7.93	2,872.33
Transfers from Stage 1	(611.23)	145.11	466.12	-
Transfers from Stage 2	-	(59.75)	59.75	-
Transfers from Stage 3	-	-	-	-
Amounts written off	22.44	135.98	93.62	252.04
New assets originated*	11,908.24	93.22	158.72	12,160.18
<b>Gross carrying amount closing balance</b>	<b>13,293.90</b>	<b>250.69</b>	<b>691.87</b>	<b>14,236.46</b>

\* New assets originated are those assets which have either remained in stage 1 or have become stage 2 or 3 at the year end.

7.2 Reconciliation of ECL balance is given below:

	As at 31 March 2020			Total
	Stage 1	Stage 2	Stage 3	
<b>ECL allowance - opening balance</b>	<b>47.60</b>	<b>124.74</b>	<b>73.50</b>	<b>245.84</b>
Addition during the year	787.57	132.31	615.53	1,535.41
Reversal during the year	(9.53)	(81.26)	(73.50)	(164.29)
<b>ECL allowance - closing balance</b>	<b>825.64</b>	<b>175.79</b>	<b>615.53</b>	<b>1,616.96</b>

Increase in ECLs of the portfolio was driven by an increase in the gross size of the portfolio and movements between stages as a result of increases in credit risk.

Notes forming part of the consolidated financial statements (continued)  
as at 31 March 2020

Amounts in ₹ lakhs

**8 Investments**

Particulars	At amortised cost	At fair value through profit and loss	Total
<b>As at</b>			
<b>31 March 2020</b>			
Investment in NCDs	2,143.75	-	2,143.75
Investment in Mutual funds	-	3,897.72	3,897.72
<b>Total (A) - Gross</b>	<b>2,143.75</b>	<b>3,897.72</b>	<b>6,041.47</b>
Less: Allowance for impairment loss	(69.65)	-	(69.65)
<b>Total (A) - Net</b>	<b>2,074.10</b>	<b>3,897.72</b>	<b>5,971.82</b>
Investments outside India			
Investments in India	2,143.75	3,897.72	5,971.82
<b>Total (B) - Gross</b>	<b>2,143.75</b>	<b>3,897.72</b>	<b>6,041.47</b>
Less: Allowance for impairment loss	(69.65)	-	(69.65)
<b>Total (B) - Net</b>	<b>2,074.10</b>	<b>3,897.72</b>	<b>5,971.82</b>

**9 Other Financial Assets**

Particulars	As at 31 March 2020
Security deposits	38.84
Advances to Employees	0.99
Other Assets	14.79
<b>Total</b>	<b>54.62</b>

**31 Income tax assets**

Particulars	As at 31 March 2020
Tax deducted at source	129.45
Less: Provision for tax	-
<b>Total</b>	<b>129.45</b>

Notes forming part of the consolidated financial statements (continued)  
as at 31 March 2020

Amounts in ₹ lakhs

10 Property, Plant and Equipment & Intangible Assets

FY 2019-20	GROSS BLOCK			DEPRECIATION / AMORTISATION				NET BLOCK		
	As at 31-Mar-19	Additions	Additions due to acquisition	As at 31-Mar-20	As at 31-Mar-19	For the year	Additions due to acquisition	As at 31-Mar-20	As at 31-Mar-20	As at 31-Mar-19
<b>Property, Plant and Equipment</b>										
Leasehold improvements	0.30	-	-	0.30	0.30	-	-	0.30	-	-
Furniture and fixtures	3.04	-	0.17	3.21	0.31	0.34	0.06	0.71	2.50	2.72
Office equipments	10.30	-	0.31	10.61	2.43	2.40	0.16	4.99	5.62	7.87
Computer equipments	49.87	1.94	3.31	55.12	15.13	19.64	0.52	35.29	19.83	34.75
<b>Total (A)</b>	<b>63.51</b>	<b>1.94</b>	<b>3.79</b>	<b>69.24</b>	<b>18.17</b>	<b>22.38</b>	<b>0.74</b>	<b>41.29</b>	<b>27.95</b>	<b>45.34</b>
<b>Intangible assets</b>										
Computer software	705.36	14.67	2.80	722.83	242.31	253.72	-	496.03	226.80	463.05
Mobile App	-	-	17.28	17.28	-	1.46	1.25	2.71	14.57	-
Website	-	-	41.28	41.28	-	3.98	11.04	15.02	26.26	-
Trademark	-	-	14.38	14.38	-	1.68	0.01	1.69	12.69	-
Technology	-	-	415.88	415.88	-	48.49	0.03	48.52	367.36	-
Customer Relationship	-	-	17.38	17.38	-	2.03	-	2.03	15.35	-
<b>Total (B)</b>	<b>705.36</b>	<b>14.67</b>	<b>509.00</b>	<b>1,229.03</b>	<b>242.31</b>	<b>311.36</b>	<b>12.33</b>	<b>566.00</b>	<b>663.03</b>	<b>463.05</b>
<b>GRAND TOTAL (A+B)</b>	<b>768.87</b>	<b>16.61</b>	<b>512.79</b>	<b>1,298.27</b>	<b>260.48</b>	<b>333.74</b>	<b>13.07</b>	<b>607.29</b>	<b>690.98</b>	<b>508.39</b>
<b>Intangible under development</b>	<b>1.32</b>	<b>1.56</b>	<b>3.77</b>	<b>6.65</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6.65</b>	<b>1.32</b>



## Notes forming part of the consolidated financial statements (continued)

as at 31 March 2020

Amounts in ₹ lakhs

Particulars	As at 31 March 2020
<b>11 Other Non financial Assets</b>	
Prepaid expenses	63.66
Advance to vendors	3.04
Duties and taxes	239.02
Advance against salary	2.67
<b>Total</b>	<b>308.39</b>
<b>12 Trade payables</b>	
a) total outstanding dues of micro enterprises and small enterprises #	11.96
b) total outstanding dues of creditors other than micro enterprises and small enterprises	106.00
<b>Total</b>	<b>117.96</b>
# Trade payables includes ₹ 11.96 lakhs payable to 'Suppliers' registered under the Micro, Small and Medium Enterprises Development Act, 2006. No interest has been paid / is payable by the Group during the year to 'Suppliers' registered under this act. (Refer note no.39)	
<b>13 Borrowings (other than debt securities)</b>	
Borrowings (other than debt securities)	22.10
<b>Total</b>	<b>22.10</b>
13.1 Borrowings repayable on demand	
Borrowings of 22.10 lakhs pertains to ICSP (subsidiary of a Parent Company) from its directors and are repayable on demand.	
<b>14 Contract liabilities</b>	
Contract liabilities	1.92
<b>Total</b>	<b>1.92</b>
<b>15 Other financial liabilities</b>	
Lease liability	238.89
Contingent consideration	43.37
<b>Total</b>	<b>282.26</b>
<b>16 Provisions</b>	
<b>Provisions for employee benefits</b>	
Gratuity	27.12
Bonus	11.18
Provision for expenses	223.38
<b>Total</b>	<b>261.68</b>
<b>17 Deferred tax liabilities</b>	
Deferred tax liabilities	99.50
<b>Total</b>	<b>99.50</b>
<b>18 Other non financial liabilities</b>	
Statutory dues payable	46.25
Revenue received in advance	0.10
<b>Total</b>	<b>46.35</b>

Notes forming part of the consolidated financial statements (continued)  
as at 31 March 2020

Amounts in ₹ lakh

19 Equity

Particulars	As at 31 March 2020	
	Number	₹ in lakhs
<b>Authorised shares</b>		
89,000,000 (Previous year : 35,000,000) Equity shares of ₹ 10 each	89,00,00,000	8,900.00
9,000,000 (Previous year 9,000,000) Preference shares of ₹ 10 each	90,00,000	900.00
<b>Issued, subscribed &amp; fully paid-up shares</b>		
85,985,475 (Previous year : 80,034,450) equity shares of ₹ 10 each	8,59,85,475	8,598.55
<b>Total</b>	<b>8,59,85,475</b>	<b>8,598.55</b>

a) Reconciliation of the number of equity shares outstanding at the beginning and at the end of the year.

Particulars	As at 31 March 2020	
	Number	₹ in lakhs
Outstanding at the beginning of the year	8,47,66,883	8,476.69
Issued during the year	12,18,592	121.86
<b>Outstanding at the end of the year</b>	<b>8,59,85,475</b>	<b>8,598.55</b>

b) Terms and rights attached to equity shares

The Parent Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend, if any in Indian Rupees. The dividend proposed by the Board of Directors is subject to approval of shareholders in the ensuing Annual General Meeting.

During the Year ended 31 March 2020, the amount of per share dividend recognised as distributions to Equity Shareholders was Nil (P.Y Nil).

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

c) Details of Equity shares held by each shareholder holding more than 5% Equity shares:

Class of shares / Name of shareholder	As at 31 March 2020	
	Number	%
Equity shares		
Information Interface India Private Limited	3,44,35,567	40.05
Strategic India Equity Fund	1,27,59,925	14.84
WF Asian Reconnaissance Fund Limited	1,21,69,500	14.15
Vikasa India EIF I Fund	71,20,067	8.28
Carmignac Portfolio	64,05,000	7.45
Alchemy India Long Term Fund Limited	27,65,400	3.22
	<b>7,56,55,459</b>	<b>87.99</b>

d) No Bonus shares have been issued during the year and in immediately preceding 5 years.

e) There has been no buy back of shares during the year and in immediately preceding 5 years.

Notes forming part of the consolidated financial statements (continued)  
as at 31 March 2020

Amounts in ₹ lakhs

**20 Other equity**

Particulars	As at 31 March 2020
Securities premium account	18,812.38
Retained earnings	(3,943.33)
Employee stock option reserve	670.03
Special Reserve under section 45 IC of RBI Act, 1934	1.89
<b>TOTAL</b>	<b>15,540.97</b>

Particulars	As at 31 March 2020
<b>Securities premium account</b>	
Opening balance	18,297.33
Add/(Less) : Changes during the year	515.05
Closing balance	18,812.38
<b>Retained earnings</b>	
Opening balance	(1,564.73)
Add: Loss for the year	(2,390.55)
Add: Other comprehensive income for the year	11.95
Less: Transfer to Special Reserve under section 45 IC of RBI Act, 1934	-
Add: Transfer from share based payment reserve	-
Closing balance	(3,943.33)
<b>Employee stock option reserve</b>	
Opening balance	374.11
Add: Charge during the year	295.92
Closing balance	670.03
<b>Special Reserve under section 45 IC of RBI Act, 1934</b>	
Opening balance	1.89
Add/(Less) : Transfer to special reserve	-
Closing balance	1.89
<b>Total</b>	<b>15,540.97</b>

**Nature and purpose of the reserve**

**a) Securities premium**

Securities premium reserve is used to record the premium on issue of shares. 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.

**b) Retained earnings**

Retained earnings represents the deficit in profit and loss account.

The Group recognises change on account of remeasurement of the net defined benefit liability/(asset) as part of retained earnings with separate disclosure, which comprises of actuarial gains and losses.

**c) Employee stock option reserve**

The share options outstanding account reserve is used to recognise the grant date fair value of options issued to employees under the Company's ESOP 2018 plan. Please refer note 30 for the details of the plan.

**d) Special Reserve under section 45 IC of RBI Act, 1934**

Special reserve is created as per the requirement of RBI at the rate of 20% of the profit after tax for the year.

Notes forming part of the consolidated financial statements (continued)  
for the year ended 31 March 2020

Amounts in ₹ lakhs

Particulars	Year ended 31 March 2020
<b>21 Interest income</b>	
<b>On financial assets measured at amortised costs:</b>	
Interest on loans	1,504.64
Interest on Investments	643.71
Interest on FD	317.98
Interest Income on security deposit	2.69
<b>Total</b>	<b>2,469.02</b>
<b>22 Fees and commission Income</b>	
Processing fees on loan	5.71
<b>Total</b>	<b>5.71</b>
<b>23 Net gain / (loss) on fair value changes</b>	
<b>Net gain /(loss) on financial instruments at FVTPL</b>	
Gain on mutual fund investments	267.94
<b>Total (A)</b>	<b>267.94</b>
<b>Fair Value changes:</b>	
Realised gain /(loss)	207.32
Unrealised gain /(loss)	60.62
<b>Total (B)</b>	<b>267.94</b>
<b>24 Other Income (Revenue from operations)</b>	
Bounce charges	2.15
Penal charges	3.69
Foreclosure charges	6.38
Brokerage received	29.22
Sales of services-	
Sale of Subscription Services	3.86
Sale of Value Added Services For Marketing	3.23
<b>Total</b>	<b>48.53</b>
<b>25 Other income</b>	
Bad debt recovery	3.73
Sales of services	5.02
Interest on Income Tax Refund	0.08
Provision write back	3.10
Derecognition Gain on Leases	1.69
<b>Total</b>	<b>13.62</b>

Notes forming part of the consolidated financial statements (continued)  
for the year ended 31 March 2020

Amounts in ₹ lakhs

Particulars	Year ended 31 March 2020
<b>26 Finance cost</b>	
Interest expenses on loan liability	0.23
Interest expenses on lease liability	30.15
<b>Total</b>	<b>30.38</b>
<b>27 Impairment on financial instruments</b>	
<b>On financial instruments measured at amortised cost:</b>	
Loans	1,623.17
Investment	77.08
<b>Total</b>	<b>1,700.25</b>
<b>28 Employee benefit expenses</b>	
Salaries	1,356.51
Contribution to provident fund	60.51
Employee stock option expense (Refer Note No.33 on ESOP)	389.23
Staff welfare expenses	17.34
Gratuity Expense	19.41
<b>Total</b>	<b>1,843.00</b>
<b>29 Depreciation and amortization</b>	
Depreciation on Property, plant and equipment	22.38
Amortisation of Intangible assets	311.36
Amortisation of Right of use asset	75.25
<b>Total</b>	<b>408.99</b>

Notes forming part of the consolidated financial statements (continued)  
for the year ended 31 March 2020

Amounts in ₹ lakhs

Particulars	Year ended 31 March 2020
<b>30 Other expenses</b>	
Legal and professional fees	337.95
Technology and software expenses	358.05
Commission and brokerage	62.43
Business development expenses	165.25
Training and recruitment	24.59
Lease rent	0.26
Loan origination cost	86.42
Office and administrative expenses	29.35
Travelling and conveyance	53.39
Director sitting fees	20.50
Payments to auditors	56.06
Communication expenses	10.65
Printing and stationery expenses	4.01
Annual listing fees	4.12
Repairs and maintenance	2.82
Advertisement and publicity	1.30
Miscellaneous expenses	53.15
Insurance expenses	16.81
<b>Total</b>	<b>1,287.11</b>
<b>Breakup of Auditors' remuneration</b>	
Statutory Audit	22.75
Limited review	18.00
Tax audit	1.00
Other Services	7.98
Out of pocket expenses (including taxes)	6.33
<b>Total</b>	<b>56.06</b>

Notes forming part of the consolidated financial statements (continued)  
for the year ended 31 March 2020

Amounts in ₹ lakhs

**32 Earnings per share (EPS)**

a) The basic earnings per share has been calculated based on the following:

Particulars	Year ended 31 March 2020
Net profit after tax available for equity shareholders	(2,451.77)
Weighted average number of equity shares	8,54,86,876

b) The reconciliation between the basic and the diluted earnings per share is as follows:

Particulars	Year ended 31 March 2020
Basic earnings per share (₹)	(2.87)
Effect of outstanding stock options	-
Diluted earnings per share (₹)	(2.87)

c) Weighted average number of equity shares is computed for the purpose of calculating diluted earning per share, after giving the dilutive impact of the outstanding stock options for the respective years.

Particulars	Year ended 31 March 2020
Weighted average number of shares for computation of Basic EPS	8,54,86,876
Dilutive effect of outstanding stock options	9,54,973
Dilutive effect of Contingent Consideration	92,483
Anti Dilutive potential outstanding stock options	(9,54,973)
Anti Dilutive potential Contingent Consideration	(92,483)
Weighted average number of shares for computation of Diluted EPS	8,54,86,876

Notes forming part of the consolidated financial statements (continued)  
for the year ended 31 March 2020

Amounts in ₹ lakhs

**33 Employee share based payments**

**a) Employee stock option scheme (equity settled)**

In accordance with resolution approved by the shareholders, during the year ended 31 March 2019, the Parent Company has reserved shares for issue to employees through Niyogin Employee Stock Option Plan 2018 (the Scheme). Nomination and Remuneration Committee ('NRC') has approved the Scheme on 28 May 2018 and the shareholders approval was received on 8 July 2018.

As per the term of the Scheme, the Parent Company may issue stock options to employees and directors of the Parent Company, each of which is convertible into one equity share. Such options are exercisable for a period following vesting at the discretion of the NRC, subject to a maximum of five years from the date of vesting of ESOPs.

The Parent Company uses fair value method to account for the compensation cost of stock options to its employees.

**b)** The Parent Company introduced ESOP scheme which covers eligible employees of the Parent Company. The vesting of the options is from expiry of one year till three years as per Plan. Each Option entitles the holder thereof to apply for and be allotted/transferred one Equity Share of the Parent Company upon payment of the exercise price during the exercise period.

Details of scheme of Employee Stock Option Plans are as under :

Tranch details	No. of options	Date of Grant	Price of Underlying Stock (₹)	Exercise Price (₹)
I	2,37,110	13-Aug-18	89.44	10.00
II	6,74,296	05-Sep-18	134.13	10.00
III	7,153	11-Feb-19	60.96	10.00
IV	5,37,473	09-Aug-19	43.67	10.00
V	8,884	23-Jan-20	34.65	10.00



Set out below is a summary of options granted under the plan:

Particulars	Year ended 31 March 2020		Year ended 31 March 2019	
	Average exercise	Number of options	Average exercise	Number of options
Outstanding at the beginning of the year	10	9,06,605	-	-
Granted during the year	10	5,46,357	10	9,18,559
Exercised during the year	10	(75,697)	-	-
Forfeited during the year	-	-	-	-
Lapsed/expired during the year	10	(2,25,542)	10	(11,954)
<b>Outstanding at the end of the year</b>	<b>10</b>	<b>11,51,723</b>	<b>10</b>	<b>9,06,605</b>
Exercisable at the end of the year	10	2,01,292	-	-

#### Fair value of options granted

The fair value at grant date is determined using the Black Scholes Model which takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The options are granted for no consideration and will vest upon the completion of service condition as specified in scheme in graded manner. Vested options are exercisable for the period of five years after the vesting.

The model inputs for options granted included:

Assumptions / Tranches	Expected - Weighted average volatility (%)	Expected term (In years)	Risk free rate	Fair value	Grant date
I	62.23%	3.50	7.80%	89.44	13-Aug-18
II	66.55%	3.50	8.07%	134.13	05-Sep-18
III	66.38%	1.50	7.20%	60.96	11-Feb-19
IV	70.67%	4.00	6.36%	43.67	09-Aug-19
V	62.75%	1.50	6.63%	34.65	23-Jan-20

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

The yield of Government of India Bond as on the date of Grant has been taken as the risk-free interest rate.

#### Employee share based payments (Continued)

##### Expense arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised in profit or loss as part of employee benefit expense were as follows:

Particulars	Year ended 31 March 2020
Employee stock option scheme (equity settled)	389.23
<b>Total</b>	<b>389.23</b>

Notes forming part of the consolidated financial statements (continued)  
for the year ended 31 March 2020

Amounts in ₹ lakhs

**34 Contingent liabilities and commitments (to the extent not provided for)**

**(A) Contingent liabilities**

There are no contingent liabilities as at 31 March 2020.

**(B) Commitments**

	As at 31 March 2020
I) Estimated amount of contracts remaining to be executed on capital account and not provided for:	
Property, plant and equipment	-
Intangible assets	-

## 35 Leases

### Disclosures as required under IND AS 116 - Leases

a) On adoption of Ind AS 116, the Group has recognized lease liabilities for all leases which were previously classified as operating leases under earlier GAAP. Ind AS 116 does not provide classification of leases into operating and finance lease for the lessee accounting. The lease liability is measured at present value of the lease payments discounted at incremental borrowing rate as on 1 April 2019. The lessee's incremental rate applied to these lease liabilities on 1 April 2019 is 11%.

Lease liabilities is disclosed under the 'Other financial liabilities'

Particulars	For the year ended 31 March 2020
Interest expense on lease liability	30.15
<b>Total</b>	<b>30.15</b>

b) The Group has recognised Right of use (ROU) assets corresponding to the lease liabilities as per the requirements of Ind AS 116. The ROU assets are amortized at SLM basis over the lease term. Reconciliation of Carrying amount of Right of use asset for a lessee as per IND AS 116 :

Particulars	Amount
<b>As at 31 March 2019</b>	<b>274.63</b>
(+) Recognition of Right of use asset during the year	33.29
(-) Derecognition of Right of use asset during the year	23.79
(-) Amortisation of Right of use asset	75.25
<b>As at 31 March 2020</b>	<b>208.88</b>

c) Low value lease assets

Particulars	For the year ended 31 March 2020
Low value lease expense recognised in Profit and Loss	6.48
<b>Total</b>	<b>6.48</b>

d) Short term lease : A lease that at the commencement date, has a lease term of 12 months or less.

Particulars	For the year ended 31 March 2020
Short term lease expense recognised in P&L	0.26
<b>Total</b>	<b>0.26</b>

Short term lease commitment

Particulars	For the year ended 31 March 2020
For a period of one year from Balance sheet date	1.80
<b>Total</b>	<b>1.80</b>

e) Cash outflow on lease. (Refer Cash flow statement)

### 36 Corporate social responsibility ('CSR') expenses:

Provisions of Section 135 of the Act are not applicable to the Group.

### 37 Segment reporting:

Operating segment are components of the Group whose operating results are regularly reviewed by the Chief Operating Decision Maker ("CODM") to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

The Company is engaged primarily on the business of 'Financing' only, taking into account the risks and returns, the organization structure and the internal reporting systems. All the operations of the Company are in India. All non-current assets of the Company are located in India. Accordingly, there are no separate reportable segments as per Ind AS 108 – "Operating segments".

### 38 Related party disclosures:

Since consolidated financial statement present information about the holding & its subsidiary as a single reporting entity intraGroup transactions are not disclosed.

(a) Related party disclosures as required by Ind AS 24 - Related Party Disclosures.

#### List of related parties and relationships:

Sr. No.	Nature of relationship
1	<b>Entity having Significant Influence</b> Information Interface India Private Limited
2	<b>Key management personnel</b> Makarand Patankar Kapil Kapoor Sutapa Banerjee Amit Rajpal Eric Wetlaufer Subhasri Sriram      w.e.f 23.01.2020 Sucheta Dalal      till 06.11.2019
3	<b>Relative of Key management personnel</b> Gaurav Patankar

Transactions with related parties are as follows:

	Year ended 31 March 2020			
	Key management personnel	Entity having Significant Influence	Relative of Key management personnel	Total
Expenses incurred	-	14.79	10.43	25.22
Remuneration	30.00	-	-	30.00
Sitting fees	20.50	-	-	20.50

Balances outstanding from related parties are as follows:

	As at 31 March 2020			Total
	Key management personnel	Entity having Significant Influence	Relative of Key management	
Recoverable Expenses	-	14.79	-	14.79

"All transactions with these related parties are priced on an arm's length basis. None of the balances is secured."

(b) Disclosures as per Regulation 53(f) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements Regulations, 2015).

Loans and advances in the nature of loans to companies in which directors are interested as under:

Sr. No.	Name	As at 31 March 2020	Maximum balance out- standing during the year ended 31	As at 31 March 2019	Maximum balance out- standing during the year ended 31
1		N.A	N.A	N.A	N.A

**39** Based on and to the extent of the information received by the Group from the suppliers during the year regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'), the total outstanding dues of Micro and Small enterprises, which are outstanding for more than the stipulated period and other disclosures as per the Micro, Small and Medium Enterprises Development Act, 2006 are given below:

	As at 31 March 2020
Principal amount payable to suppliers as at year-end	11.96
Interest due thereon as at year end	-
Interest amount for delayed payments to suppliers pursuant to provisions of MSMED Act actually paid during the year, irrespective of the year to which the interest relates	-
Amount of delayed payment actually made to suppliers during the 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 MSMED Act, 2006	-
Interest accrued and remaining unpaid at the end of the year	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises for the purpose of disallowance as a deductible expenditure under the MSMED Act, 2006.	-

## 40 Employee benefit plan

Disclosure in respect of employee benefits under Ind AS 19 - Employee Benefit are as under:

### (a) Defined contribution plan

The Company's contribution to provident fund and employee state insurance scheme are considered as defined contribution plans. The Company's contribution to provident fund aggregating ₹ 60.51 lakhs has been recognised in the statement of profit and loss under the head employee benefits expense.

### (b) Defined benefit plan:

#### Gratuity

##### Financial assets not measured at fair value

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

The defined benefit plans expose the Company to risks such as actuarial risk, liquidity risk, market risk, legislative risk. These are discussed as follows:

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

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

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

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

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

**Market risk:** Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. One actuarial assumption that has a material effect is the discount rate. The

discount rate reflects the time value of money. An increase in discount rate leads to decrease in defined benefit obligation of the plan benefits and vice versa. This assumption depends on the yields on the government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.

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

The status of gratuity plan as required under Ind AS-19 is as under:

Amounts in ₹ lakhs

	As at 31 March 2020
<b>i. Reconciliation of opening and closing balances of defined benefit obligation</b>	
Present value of defined benefit obligations at the beginning of the year	19.66
Current service cost	17.94
Past service cost	-
Interest cost	1.47
Acquisition adjustment	-
Benefit paid	-
Change in demographic assumptions	-
Change in financial assumptions	1.51
Experience variance (i.e. Actual experience vs assumptions)	(13.46)
<b>Present value of defined benefit obligations at the end of the year</b>	<b>27.12</b>
<b>ii. Reconciliation of opening and closing balances of the fair value of plan assets</b>	-
<b>Fair value of plan assets at the end of the year</b>	-
<b>iii. Reconciliation of the present value of defined benefit obligation and fair value of plan assets</b>	
Present value of defined benefit obligations at the end of the year	27.12
Fair value of plan assets at the end of the year	-
Unrecognised past service cost	-
<b>Net asset / (liability) recognized in the balance sheet as at the end of the year</b>	<b>(27.12)</b>

40 Employee benefit plan (Continued)

(b) Defined benefit plan: (Continued)

	For the year ended 31 March 2020
<b>iv. Expense recognised during the Year</b>	
Current service cost	17.94
Interest cost	1.47
Past service cost	-
Expenses recognised in the statement of profit and loss	19.41
<b>v. Other comprehensive income</b>	
Components of actuarial gain/losses on obligations:	(0.69)
Due to change in financial assumptions	1.51
Due to change in demographic assumption	-
Due to experience adjustments	(13.46)
Return on plan assets excluding amounts included in interest income	-
Components of defined benefit costs recognised in other comprehensive income	(12.64)

	As at 31 March 2020
<b>vi. Principal actuarial assumptions</b>	
Discount rate (per annum)	7.00%
Annual increase in salary cost	7.00%
Withdrawal rates per annum	
21 to 30	15.00%
31 to 34	10.00%
35 to 44	5.00%
45 to 50	3.00%
51 to 54	2.00%
55 to 57	1.00%

The discount rate is based on the prevailing market yields of Government of India's bond as at the balance sheet date for the estimated term of the obligations.

vii. Sensitivity analysis

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate and expected salary increase. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The results of sensitivity analysis is given below:

	For the year ended 31 March 2020	
	Increase	Decrease
Discount rate (- / + 0.5%)	7.50%	6.50%
(% change compared to base due to sensitivity)	-10.70%	12.49%
Salary growth rate (- / + 0.5%)	7.50%	6.50%
(% change compared to base due to sensitivity)	12.37%	-10.80%



viii. Effect of plan on the Company's future cash flows

a) Maturity profile of defined benefit obligation

The average outstanding term of the obligations (years) as at valuation date is 11.63 years.

	Cash flows (₹)	Distribution (%)
<b>Expected cash flows over the next (valued on undiscounted basis):</b>		
1st Following Year	0.08	0.11%
2nd Following year	0.38	0.55%
3rd Following Year	1.06	1.54%
4th Following Year	1.35	1.96%
5th Following Year	1.37	2.00%
6th Following Year	7.18	10.45%
7th Following Year	1.16	1.70%
8th Following Year	1.13	1.65%
8th Following Year	1.11	1.62%
Sum of years 10 and above	53.86	78.42%

Notes forming part of the consolidated financial statements (continued)  
for the year ended 31 March 2020

Amounts in ₹ lakhs

41 Classification of financial assets and financial liabilities

As at 31 March 2020	Mandatorily at FVTPL	Amortised cost	Total carrying amount
<b>ASSETS</b>			
Cash and cash equivalents	-	809.98	809.98
Bank balance other than cash and cash equivalents	-	3,771.73	3,771.73
Loans and advances to customers	-	12,619.50	12,619.50
Investment securities			-
Measured at fair value	3,897.72	-	3,897.72
Measured at amortised cost	-	2,074.10	2,074.10
Receivables	-	15.55	15.55
Other financial assets	-	54.62	54.62
<b>Total Financial assets</b>	<b>3,897.72</b>	<b>19,345.48</b>	<b>23,243.20</b>
Trade Payables	-	117.96	117.96
Borrowings (other than debt securities)	-	22.10	22.10
Contract liabilities	-	1.92	1.92
Other financial liabilities	-	282.26	282.26
<b>Total Financial liabilities</b>	<b>-</b>	<b>424.24</b>	<b>424.24</b>

## 42 Fair Value Measurement

### Financial Instrument by Category

	As at 31 March 2020	
	FVTPL	Amortised Cost
Financial Asset		
Investments		
- Bonds and Debentures	-	2,074.10
- Mutual Funds	3,897.72	-
Receivables	-	15.55
Loans	-	12,619.50
Cash And Cash Equivalents	-	809.98
Bank balance other than cash and cash equivalents	-	3,771.73
Other Financial Assets	-	54.62
<b>Total Financial Assets</b>	<b>3,897.72</b>	<b>19,345.48</b>
Financial Liability		
Trade Payables	-	117.96
Borrowings (other than debt securities)	-	22.10
Contract liabilities	-	1.92
Other financial liabilities	-	282.26
<b>Total Financial Liabilities</b>	<b>-</b>	<b>424.24</b>

### Fair value Hierarchy

This section explains the judgments and estimates made in determining the fair value of the financial instrument that are (a) recognized and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into three levels prescribed under the accounting standard. An explanation of each level follows underneath table

As at 31 March 2020

	Carrying amount	Fair value measurements using			
		Level 1	Level 2	Level 3	Total
<b>Financial assets*</b>					
<i>Investments</i>					
- Bonds and Debentures	2,074.10	-	2,074.03	-	2,074.03
- Mutual Funds	3,897.72	3,897.72	-	-	3,897.72
Loans and advances	12,619.50	-	13,015.72	-	13,015.72
Receivables	15.55				
Cash And Cash Equivalents	809.98				
Bank balance other than cash and cash equivalents	3,771.73				
Security Deposits	38.84	-	38.84	-	38.84
Other Financial assets	15.78				
<b>Total Financial Asset</b>	<b>23,243.20</b>	<b>3,897.72</b>	<b>15,128.59</b>	<b>-</b>	<b>19,026.31</b>
<b>Financial Liabilities*</b>					
Trade Payables	117.96				
Borrowings (other than debt securities)	22.10	-	22.10	-	22.10
Contract liabilities	1.92				
Lease Liability	238.89	-	238.89	-	238.89
Contingent Consideration	43.37	-	-	43.37	43.37
<b>Total Financial Liabilities</b>	<b>424.24</b>	<b>-</b>	<b>260.99</b>	<b>43.37</b>	<b>260.99</b>

**\*The Company has not disclosed the fair values for cash and cash equivalents, bank balances, bank deposits, receivables and other financial assets, trade payables and contract liabilities as these are short term in nature and their carrying amounts are a reasonable approximation of fair value.**

**Level 1:** Level 1 hierarchy includes financial instruments measured using unadjusted quoted prices in active markets that the Group has the ability to access for the identical assets or liabilities. A financial instrument is classified as a Level 1 measurement if it is listed on an exchange. This includes mutual funds that have quoted price. The mutual funds are valued at the closing NAV.

**Level 2:** The fair value of financial instruments that are not traded in active markets is determined using valuation techniques which maximize the use of observable market data either directly or indirectly, such as quoted prices for similar assets and liabilities in active markets, for substantially the full term of the financial instrument but do not qualify as Level 1 inputs. Fair value of loans and advances of the Group is measured using the last month's lending rate. If all significant inputs required to fair value an instrument are observable the instrument is included in level 2.

**Level 3:** If one or more of the significant inputs is not based in observable market data, the instruments is included in level 3. The company has measured contingent consideration based on Level 3.

#### **Financial instruments valued at carrying value**

The respective carrying values of certain on-balance sheet financial instruments approximated their fair value. These financial instruments include cash in hand, balances with Banks, financial institutions and money at call and short notice, accrued interest receivable, acceptances, deposits payable on demand,

accrued interest payable, and certain other assets and liabilities that are considered financial instruments. Carrying values were assumed to be approximate fair values for these financial instruments as they are short-term in nature and their recorded amounts approximate fair values or are receivable or payable on demand.

#### **Financial instruments recorded at fair value**

##### **Investment in debt securities**

Securities classified as fair value through profit or loss, are carried at fair value based on quoted market prices. The Company records mutual funds at closing NAV.

##### **Fair value of financial instruments carried at amortised cost**

##### **Loans and advances**

The fair values of loans that do not reprice or mature frequently are estimated using discounted cash flow models. Loans and advances are fair valued basis the future expected cash flows discounted at the lending rate.

##### **Security deposits**

Security deposits have been accounted at amortised cost using SBI MCLR rates.

##### **Bonds and debentures**

The fair value of bonds and debentures are discounted using cash flow models. Bonds and debentures are fair valued basis the future expected cash flows discounted at the interest rate.

##### **Fair value of contingent consideration**

a) The value of contingent consideration is calculated using Binomial Option Pricing Model. The binomial tree is arrived by using profitability scenarios specified in the agreement entered between the acquirer and the acquiree and the value of contingent liability is arrived by assigning probability weights to each profitability scenario considered.

b) The table below shows the movement in the valuation of contingent consideration:

<b>Particulars</b>	<b>Amount</b>
<b>As at 1 April 2018</b>	-
Change during the year	-
<b>As at 31 March 2019</b>	-
(+) Initial recognition	43.37
Change during the year	-
<b>As at 31 March 2020</b>	<b>43.37</b>

### c) Sensitivity analysis

	Contingent consideration	Increase /decrease
5% increase in profitability situation i.e. probability is (55:45)	47.71	4.34
5% decrease in profitability situation i.e. probability is (45:55)	39.04	(4.33)

## 43 Financial risk management

The Group has operations in India which expose it to liquidity risk and credit risk. The risks are managed through a management established framework of identification and measurement of risk.

This note explains the sources of risk which the Group is exposed to and how the Group manages the risk.

Risk	Exposure arising from	Measurement	Management
Credit risk	Loans and advances, cash and cash equivalents, trade receivables, financial assets measured at amortized cost.	Aging analysis of loans and advances held at amortized cost  Credit ratings in case of investments held at amortized cost	Diversification of Group's investments into NCDs and FDs  Monitoring of credit risk on loans and advances basis the days past dues.
Liquidity risk	Trade liabilities	Maturity analysis	Maintaining sufficient cash and cash equivalents and marketable investments

The Company's board of directors is the highest decision- making body within the organisation. The Board of directors have overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has established the Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the board of directors on its activities.

The Company's risk management committee is established to

- Recommend changes to the risk Policy for approval by the Audit Committee.
- Monitors and supervises the ECL process, identifies and analyses the risks faced by the Company
- Authorize any overrides on the provisioning model of assets to achieve provisioning objectives in line with the approval policy
- Reviewing the adequacy of ECL training across the key departments
- Establishing that the businesses comply with the risk Policy
- Review and address concerns raised by the internal Credit Committee, Statutory Auditors or the Internal Auditors in any ECL exceptions
- Delegate such roles and responsibilities to the Company's internal Credit Committee to ensure that this policy is in line with the board approved policy and the applicable accounting standards.

The audit committee oversees the recommendations of the risk management committee and how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The audit committee ensures adequate provisioning for the financial statements in line with the approved policies and ensures that the scope of the External Auditor covers adequate assurance in complying with the Company's approved provisioning and risk policy.

## **A. Credit risk**

Credit risk arises from loans and advances, cash and cash equivalents, investments carried at amortized cost and deposits held by the Group.

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investments in debt securities.

### **i) Credit risk management**

"The primary organizational Groups forming part of the Group risk governance are Board of Directors, Audit Committee, Risk committee and Credit committee. In regards to loans and advances of the Group, the credit risk is managed in accordance with the ECL policy by monitoring of credit risk basis the days past dues.

For the investments, the ECL policy provides that the Group uses the external ratings for estimation of forward looking PDs to estimate ECL. The Group reviews the creditworthiness of these counterparties on an on-going basis."

The Group classifies its financial assets in following category:

### **Stage 1**

As soon as a financial instrument originates or is purchased, it is categorized as Stage 1. This is applicable across all the loan facilities, investments and bank balances. Stage 1 would include all residual facilities, not impaired or, have not experienced a significant increase in credit risk since initial recognition.

### **Stage 2 and stage 3**

#### **Loans**

The following staging criteria based on Days Past Dues (DPDs) fixed for Loan portfolio as per the Ind AS 109:

Stage 1 to Stage 2: More than 30 Days Past Due as criteria for Stage 2 classification.

Stage 2 to Stage 3: More than 90 Days Past Due as criteria for Stage 3 classification.

## Investments and Balances with Bank

Following is the staging criteria for investments:

- For facilities with rating grade AAA to B, three notch downgrades (without modifiers) shall be taken as stage 2.
- Any financial instrument with rating grade CCC or below classified as Stage 2 at origination.

### ii) Provision for expected credit losses

The Group provides for expected credit loss based on following:

Category	Description for category	Probability of default (PD)	Exposure at default (EAD)	Loss given default (LGD)
<b>Loans</b>	The Group is engaged in the business of providing unsecured loans to SMEs and individuals with proprietary businesses, the borrower profiles are having similar risk characteristics across the loan book.	The PD estimation is based on transition matrix approach, gross flow analysis and net flow analysis with application of single factor Vasicek model for incorporation of macro- economic factor (GDP). The Group has used cohort framework for computation of PDs on loans. As the default definition for loan portfolio is 90 days past due, the Company taken quarterly transition matrix for estimation of PDs across following behavioral buckets: Ranking 1: Current (DPD up to 0) Ranking 2: Up to 30 Days past due Ranking 3: Up to 60 days past due Ranking 4: Up to 90 days past due Ranking 5: Default PD estimates Grouped as per the above ranking grades. For Stage 3 assets PD is taken to be 100%.	Exposure at Default gives an estimate of the amount outstanding when the borrower defaults. It is the total amount of an asset the entity is exposed to at the time of default. The exposure at default for the loans is: Principle outstanding + accrued interest	LGD for loan portfolio will be calculated at a portfolio level based upon the actual recovery data. In case of insufficient recovery information due to low/no defaults, a proxy LGD based on industry practice would be used.
<b>Investments and bank balances</b>	The Group holds investments in non-convertible debentures as a part of its investment portfolio. Additionally, the Group also holds balances with Banks in fixed deposits and current account	As the default data set is low or near to zero for the investment portfolio, the Company uses external ratings for assessment of forward looking PDs to estimate ECL. Vasicek model is used for incorporation of economic factor (i.e. GDP in case of the Company)  For Stage 3 assets PD is taken to be 100%.	Exposure at Default is the total amount of an asset the Company is exposed to at the time of default. The exposure at default for the investments and bank balances is: Principle outstanding + accrued interest	For India Sovereign exposures, the LGD value remains at 0%. Going forward, subject to availability of adequate default data, the LGD will be calculated at instrument level (Corporate bonds, Sovereign bonds) based the above workout procedure in the Company's ECL policy.

Year ended 31 March 2020

Particulars	Asset Group	Estimated gross carrying amount at default	Expected credit losses (%)	Expected credit losses	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit losses	Investments at amortised cost				
	- NCD	2,143.75	3.25%	69.65	2,074.10
	- FD	3,783.56	0.31%	11.83	3,771.73
	Loans at amortised cost	13,293.90	6.21%	825.64	12,468.26
Loss allowance measured at life-time expected credit losses, not credit impaired	Investments at amortised cost				
	- NCD	-	-	-	-
	- FD	-	-	-	-
	Loans at amortised cost	250.69	70.12%	175.79	74.90
Loss allowance measured at life-time expected credit losses, credit impaired	Investments at amortised cost				
	- NCD	-	-	-	-
	- FD	-	-	-	-
	Loans at amortised cost	691.87	88.97%	615.53	76.34

Investments in NCD and FD

The Group has invested in NCDs and FDs having Credit rating ranging from AAA to BBB-

### Measurement of Expected Credit Losses

The Group has applied a three-stage approach to measure expected credit losses (ECL) on debt instruments accounted for at amortised cost. Assets migrate through following three stages based on the changes in credit quality since initial recognition:

(a) Stage 1: 12- months ECL: For exposures where there is no significant increase in credit risk since initial recognition and that are not credit-impaired upon origination, the portion of the lifetime ECL associated with the probability of default events occurring within the next 12- months is recognized.

(b) Stage 2: Lifetime ECL, not credit-impaired: For credit exposures where there has been a significant increase in credit risk since initial recognition but are not credit-impaired, a lifetime ECL is recognized. Marginal PDs are used to compute lifetime ECL.

(c) Stage 3: Lifetime ECL, credit-impaired: Financial assets are assessed as credit impaired upon occurrence of one or more events that have a detrimental impact on the estimated future cash flows of



that asset. For financial assets that have become credit-impaired, a lifetime ECL is recognized and interest revenue is calculated by applying the effective interest rate to the amortised cost.

At each reporting date, the Group assesses whether there has been a significant increase in credit risk of its financial assets since initial recognition by comparing the risk of default occurring over the expected life of the asset. In determining whether credit risk has increased significantly since initial recognition, the Group uses information that is relevant and available without undue cost or effort. This is based on the historical default rates or delinquency status of account across various internal rating grades, products or sectors.

The portfolios for which external benchmark information represents a significant input into measurement of ECL are as follows.

	<b>Exposure</b>	<b>External benchmarks used</b>
<b>Loans at amortised cost</b>		<b>LGD</b>
	8,121.86	65%

The Group assesses whether the credit risk on a financial asset has increased significantly on an individual and collective basis. In determining whether the credit risk on a financial asset has increased significantly, the Group considers the change in the risk of a default occurring since initial recognition. The default definition used for such assessment is consistent with that used for internal credit risk management purposes.

The Group considers defaulted assets as those which are contractually past due 90 days, other than those assets where there is empirical evidence to the contrary. Financial assets which are contractually past due 30 days are classified under Stage 2 - life time ECL, not credit impaired, barring those where there is empirical evidence to the contrary. An asset can move into and out of the lifetime expected credit losses category (Stage 2 and 3) based on a predefined pattern obtained from the historical default rates or delinquency status of account across various internal rating grades, products or sectors. Credit exposures transition back from stage 2 to stage 1 when the credit quality of the credit facility shows significant improvement. Primarily, when factors that previously triggered an exposure moving to Stage 2 no longer meet, such exposures move back to Stage 1 and a 12-month ECL measured instead of Lifetime ECL. Credit exposures may transition from stage 3 to stage 2 /stage 1, if the exposures are current, no longer meet the definition of default / credit impaired and if the factors that previously triggered an exposure to move to stage 3 are no longer met.

The Group measures the amount of ECL on a financial instrument in a way that reflects an unbiased and probability-weighted amount. The Group considers its historical loss experience and adjusts the same for current observable data. The key inputs into the measurement of ECL are the probability of default, loss given default and exposure at default. These parameters are derived from the Group's internally

developed statistical models and other historical data. In addition, the Group has used reasonable and supportable information on future economic conditions by using GDP as suitable macroeconomic factors. Since incorporating these forward looking information increases the judgment as to how the changes in these macroeconomic factor will affect ECL, the methodology and assumptions are reviewed regularly. The following table presents the key macroeconomic indicators used for the purposes of measurement of ECL in the periods presented.

Macro economic indicator	As at 31 March 2020
GDP	2.00%

### iii) Reconciliation of loss allowance provision

#### For loans

Reconciliation of loss allowance	Loss allowance measured at 12 month expected losses	Loss allowance measured at life-time expected losses	
		Financial assets for which credit risk has increased significantly and not credit-impaired	Financial assets for which credit risk has increased significantly and credit-impaired
<b>Loss allowance on 31 March 2019</b>	<b>47.60</b>	<b>124.74</b>	<b>73.50</b>
Changes in loss allowances due to			
Assets originated or purchased	639.90	68.78	132.80
Write – offs	(9.53)	(81.26)	(73.50)
Addition/ (Recoveries) for assets originated in Previous years	147.67	63.53	482.73
<b>Loss allowance on 31 March 2020</b>	<b>825.64</b>	<b>175.79</b>	<b>615.53</b>

#### For investments

Reconciliation of loss allowance	Loss allowance measured at 12 month expected losses	Loss allowance measured at life-time expected losses	
		Financial assets for which credit risk has increased significantly and not credit-impaired	Financial assets for which credit risk has increased significantly and credit-impaired
<b>Loss allowance on 31 March 2019</b>	<b>4.41</b>	-	-
Changes in loss allowances due to			
Assets originated or purchased	81.37	-	-
Addition/ (Recoveries) for assets originated in Previous years	(4.30)	-	-
<b>Loss allowance on 31 March 2020</b>	<b>81.48</b>	-	-

## B. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. Due to the dynamic nature of the underlying businesses, Group's treasury maintains flexibility in funding by maintaining availability under committed credit lines.

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

As at 31 March 2020

	As at 31 March 2020		
	Carrying amount	Within 12 months	After 12 months
<b>Financial liabilities</b>			
Trade payables	117.96	117.96	-
Borrowings (other than debt securities)	22.10	22.10	-
Contract liabilities	1.92	1.92	-
Other financial liabilities	282.26	117.43	164.83
<b>Non Financial liabilities</b>			
Provisions	261.68	234.56	27.12
Deferred tax liabilities	99.50	22.53	76.97
Other non-financial liabilities	46.35	46.35	-
<b>Financial assets</b>			
Cash and cash equivalents	809.98	809.98	-
Bank balance other than cash and cash equivalents above	3,771.73	3,771.73	-
Receivables	15.55	15.55	-
Loans and advances to customers	12,619.50	9,812.70	2,806.80
Investment securities	5,971.82	5,971.82	-
Other financial assets	54.62	20.78	33.84
<b>Non-financial Assets</b>			
Income tax assets	129.45	129.45	-
Right of use asset	208.88	77.06	131.82
Property, plant and equipment	27.95	16.73	11.22
Intangible assets under development	6.65	6.65	-
Intangible assets	663.03	307.85	355.18
Goodwill	450.94	450.94	-
Other non-financial assets	308.39	308.39	-

## b) Maturity Pattern

The table below summarises the maturity profile of the undiscounted cashflow of the Groups financial liabilities:

As at 31 March 2020

	<b>Within 12 months</b>	<b>1-2 years</b>	<b>2-5 years</b>	<b>Total</b>
Trade payables	<b>117.96</b>	-	-	<b>117.96</b>
Borrowings (other than debt securities)	<b>22.10</b>	-	-	<b>22.10</b>
Contract liabilities	<b>1.92</b>	-	-	<b>1.92</b>
Other financial liabilities				
- Lease liability	<b>96.63</b>	<b>101.31</b>	<b>81.50</b>	<b>279.44</b>
- Contingent consideration	<b>43.37</b>	-	-	<b>43.37</b>

c) The following table sets out the carrying amounts of non-derivative financial assets and financial liabilities expected to be recovered or settled more than 12 months after the reporting date.

	<b>As at 31 March 2020</b>
<b>Financial assets</b>	
Loans and advances to customers	<b>2,806.80</b>
Other financial assets	<b>33.84</b>
<b>Financial liabilities</b>	
Lease Liability	<b>164.83</b>

d) The following table sets out the components of the Group's liquidity reserves.

	<b>As at 31 March 2020</b>	
	<b>Carrying amount</b>	<b>Fair value</b>
Cash And Cash Equivalents	<b>809.98</b>	<b>809.98</b>
Bank balance other than cash and cash equivalents	<b>3,771.73</b>	<b>3,771.73</b>
<b>Total liquidity reserves</b>	<b>4,581.71</b>	<b>4,581.71</b>

e) All the financial assets of the Group as at 31 March 2020, as at 31 March 2019 and as at 01 April 2018 are unencumbered.

Notes forming part of the consolidated financial statements (Continued)  
for the year ended 31 March 2020

Amounts in ₹ lakhs

**44 Revenue from contracts with customers**

Set out below is the disaggregation of the Group's revenue from contracts with customers and reconciliation to profit and loss account:

	For the year ended 31 March 2020
<b>Type of income</b>	
Services charges	12.10
Bounce charges	2.15
Penal charges	3.69
Foreclosure charges	6.38
Brokerage received	29.22
Processing fees	5.71
<b>Total revenue from contracts with customers</b>	<b>59.25</b>
<b>Geographical markets</b>	
India	59.25
Outside India	-
<b>Total revenue from contracts with customers</b>	<b>59.25</b>
<b>Timing of revenue recognition</b>	
Services transferred at a point in time	17.92
Services transferred over time	41.33
<b>Total revenue from contracts with customers</b>	<b>59.25</b>

**45** There have been no events after the reporting date that require disclosure in these financial statements except for impact of COVID-19 as disclosed in Note no. 46.

**46 Impact of Covid -19 pandemic**

a. The outbreak of COVID-19 pandemic across the globe and in India has contributed to a significant decline and volatility in the global and Indian financial markets and slowdown in the economic activities. Reserve Bank of India (RBI) has issued guidelines relating to COVID-19 Regulatory Package dated 27 March 2020 and 17 April 2020 and in accordance therewith, the Parent Company has proposed a moratorium of three months on the payment of all principal instalments and/ or interest, as applicable, falling due between 1 March 2020 and 31 May 2020 to all eligible borrowers classified as standard even if overdue as on 29 February 2020, excluding the collections made already made in the month of March 2020. For all such accounts where the moratorium is granted, the asset classification will remain standstill during the moratorium period (i.e. the number of days past due shall exclude the moratorium period for the purposes of asset classification as per the Parent Company's policy)

b. Further, the Parent Company has, based on current available information estimated and applied management overlays based on the policy approved by the Board for the purpose of determination of

the provision for impairment of financial assets. Given the uncertainty over the potential macro-economic impact, the Parent Company's management has considered internal and external information including credit reports and economic forecasts up to the date of approval of these financial statements. Accordingly, the provision for expected credit loss on financial assets as at 31 March 2020 aggregates ₹ 1,698.44 lakhs (as at 31 March 2019, ₹ 250.25 lakhs) which includes potential impact on account of the pandemic of ₹ 329.98 lakhs. Based on the current indicators of future economic conditions, the Parent Company considers this provision to be adequate.

c. The extent to which the COVID-19 pandemic will impact the Groups financial statements will depend on future developments, which are highly uncertain, including, among other things, any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact whether government-mandated or elected by the Group. Given the uncertainty over the potential macro-economic condition, the impact of the global health pandemic may be different from that estimated as at the date of approval of these financial statements and the Group will continue to closely monitor any material changes to future economic conditions.

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

## **48 Business Combination**

### **a) Property, plant and equipment**

Particulars	Leasehold improvements	Furniture and fixtures	Office equipments	Computer equipments	Total
Cost as at 1 April 2019	0.30	3.04	10.30	49.87	63.51
Additions	-	-	-	1.94	1.94
Additions relating to acquisitions	-	0.17	0.31	3.31	3.79
<b>Cost as at 31 March 2020</b>	<b>0.30</b>	<b>3.21</b>	<b>10.61</b>	<b>55.12</b>	<b>69.24</b>
Accumulated Depreciation as at 1 April 2019	0.30	0.31	2.43	15.13	18.17
Charge for the year	-	0.34	2.40	19.64	22.38
Additions relating to acquisitions	-	0.06	0.16	0.52	0.74
<b>Accumulated depreciation as at 31 March 2020</b>	<b>0.30</b>	<b>0.71</b>	<b>4.99</b>	<b>35.29</b>	<b>41.29</b>
<b>Net carrying value as at 31 March 2020</b>	<b>-</b>	<b>2.50</b>	<b>5.62</b>	<b>19.82</b>	<b>27.95</b>

## b) Goodwill on consolidation

Particulars	As at 31 March 2020
Cost as at beginning of the year	-
Addition relating to acquisition of subsidiary (Note e)	450.94
<b>Cost as at end of the year</b>	<b>450.94</b>
Impairment as at beginning of year	-
Charge for the year	-
<b>Impairment as at end of the year</b>	<b>-</b>
<b>Net carrying value as at beginning of the year</b>	<b>-</b>
<b>Net carrying value as at end of the year</b>	<b>450.94</b>

Goodwill recognized during the year ended 31 March 2020 relates to the acquisition of the 50.01% equity stake by the Company in ICSPL. The goodwill relates to synergies from combining the acquiree activities with those of the Group. Detailed disclosure in respect of the acquisition is provided in Note e.

Impairment testing note:

In August 2019, NFL acquired 50.01% equity stake in ICSPL by way of secondary acquisition for a purchase consideration of ₹ 579.41 lakhs. Further, NFL has invested additional ₹ 250.00 lakhs through compulsorily convertible preference shares. For the purpose of impairment testing of goodwill acquired in acquisition, the management analyses do not show an impairment charge.

In respect of ICSPL, ICSPL has registered a revenue of ₹ 47.69 lakhs in FY 2020 as against ₹ 58.10 lakhs in FY 2019, representing a decline of ~22%. The decline in the revenues in FY 2020 is on account of deferment of significant portion of advertisement revenues from Q4 FY 2020 to Q1 FY 2021, due to CoVid-19 disruption. The Company has incurred expenses for the development of B2B platform, owing to the same the revenues of the Company are projected to grow at a CAGR of ~105% from ₹ 47.69 lakhs in FY 2020 to ₹ 1599.00 lakhs in FY 2025.

"The fair value of ICSPL is assessed by using Discounted Cash Flow Method under Income Approach and is assessed on going concern basis. This method is used to determine the present value of a business on a going concern assumption and recognizes the time value of money by discounting the free cash flows for the explicit forecast period and the perpetuity value at an appropriate discount factor. The terminal value represents the total value of the available cash flow for all periods subsequent to the horizon period. The terminal value of the business at the end of the horizon period is estimated, discounted to its present value equivalent and added to the present value of the available cash flow to estimate the value of the business. Free Cash Flow to Firm ('FCFF') method has been used. FCFF is discounted by the Weighted Average Cost of Capital ('WACC'), which is considered an appropriate discount factor.

The key assumptions on the basis of which management has estimated the fair value of ICSPL are:

- Revenue
- EBITDA
- Terminal value
- Net Working Capital
- Weighted Average Cost of Capital

#### c) Intangible assets

Particulars	Software and other applications	Total
Cost as at 1 April 2019	705.36	705.36
Additions	14.67	14.67
Additions relating to acquisitions	509.00	509.00
Disposals	-	-
Other re-classifications	-	-
Cost as at 31 March 2020	1,229.03	1,229.03
Accumulated amortisation as at 1 April 2019	242.31	242.31
Charge for the year	311.36	311.36
Additions relating to acquisitions	12.33	12.33
Accumulated amortisation as at 31 March 2020	566.00	566.00
Net carrying value as at 31 March 2020	663.03	663.03

#### d) Other intangible assets under development

Particulars	Total
Cost as at 1 April 2019	1.32
Additions	1.56
Additions relating to acquisitions	3.77
Disposals	-
Cost as at 31 March 2020	6.65

#### e) Acquisition of subsidiaries

##### (i) Summary of acquisitions

On 18 August 2019 the Parent Company acquired 50.01% of the issued share capital of ICSPL. ICSPL holds 50.01% shares of Money Map Investment Advisors Private Limited. The acquisition will provide access to assets and unique client base of the ICSPL.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:



<b>Purchase consideration</b>	<b>ICSPL</b>
Cash paid	
Contingent consideration	43.37
Equity	536.04
<b>Total purchase consideration</b>	<b>579.41</b>

The fair value of 1,142,895 shares issued as part of the consideration paid for ICSPL (₹ 536.04 lakhs) was based on the published share price on date of acquisition of ₹ 46.90 per share.

The assets and liabilities recognised as a result of the acquisition are as follows:

<b>Particulars</b>	<b>Fair Value of ICSPL</b>
Cash and cash equivalents	5.23
Receivables	0.47
Investments	2.01
ROU Asset	25.44
Property, plant and equipment	0.47
Other financial assets	16.41
Intangible assets	490.43
Deferred tax liabilities	(112.65)
Other Financial liabilities	(170.92)
<b>Net identifiable assets acquired</b>	<b>256.89</b>

<b>Calculation of goodwill</b>	<b>ICSPL</b>
Consideration transferred	579.41
Non-controlling interest in the acquired entity	128.42
Less: Net identifiable assets acquired	(256.89)
<b>Goodwill</b>	<b>450.94</b>

*Significant judgement:*

*(i) Accounting policy choice for non-controlling interests*

The Group recognises non-controlling interests ('NCI') in the acquired entity either at fair value or at the NCI proportionate share of the acquired entity's net identifiable assets. This decision is made on an acquisition-by-acquisition basis. For the NCI in ICSPL, the Group elected to recognise NCI's proportionate share of the acquired net identifiable assets.

*(ii) Revenue and profit contribution*

The acquired business contributed revenues of ₹ 42.25 lakhs and net loss of ₹ 83.39 lakhs to the Group for the period from 18 August 2019 to 31 March 2020.

If the acquisition had occurred on 1 April 2019, consolidated pro-forma revenue and loss for the year ended 31 March 2020 would have been ₹ 2,810.27 lakhs and ₹ 2,555.67 lakhs respectively. These amounts have been calculated using the subsidiary's financial statements and adjusted them for:

- differences in the accounting policies between the Group and the subsidiary, and
- the additional depreciation and amortisation that would have been charged assuming the fair value adjustments to property, plant and equipment and intangible assets had applied from 1 April 2019, together with the consequential tax effects.

(iii) Purchase consideration – cash outflow

Outflow of cash to acquire subsidiary, net of cash acquired	For the year ended 31 March 2020
Cash consideration	-
Less: Balances acquired	-
Cash	-
Bank overdraft	-
<b>Net outflow of cash – investing activities</b>	<b>-</b>

(iv) Acquisition-related costs

There were no acquisition-related costs that were directly attributable to the issue of shares.

As per our report of even date.

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

**Sameer Mota**  
Partner

Membership No: 109928

Mumbai  
12 May 2020

For and on behalf of the Board of Directors of  
**Niyogin Fintech Limited**  
CIN No: L65910-MH1988-PLC23-9746

**Makarand Patankar**  
Director

DIN :  
01584128  
Mumbai

**Rumit Dugar**  
Chief Financial Officer  
Mumbai

**Amit Rajpal**  
Chairman &  
Non-Executive  
Director  
DIN : 07557866  
Hong Kong

## NOTICE

**NOTICE** is hereby given that the Thirty Second (32<sup>nd</sup>) Annual General Meeting ('AGM') of the Members of **Niyogin Fintech Limited** will be held on Thursday, September 17, 2020 at 4.00 p.m. (IST) through video conferencing ("VC")/ Other Audio-Visual Means ("OAVM") to transact the following businesses:

### **ORDINARY BUSINESS**

1. To consider and adopt the audited financial statement of the Company for the financial year ended March 31, 2020 along with the reports of the Board of Directors and the Auditors thereon;
2. To appoint a Director in place of Mr. Amit Rajpal (DIN: 07557866), who retires by rotation and being eligible, offers himself for re-appointment.
3. To approve appointment of M/s. MSKA & Associates, Chartered Accountants, (Firm Registration No: 105047W), as the Statutory Auditors of the Company to fill in the casual vacancy:

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to the provisions of section 139(8) of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014 (including any statutory modification or amendment thereto or re-enactment thereof for the time being in force) and all other applicable laws, if any, M/s. MSKA & Associates, Chartered Accountants, (Firm Registration No: 105047W) who have confirmed their eligibility to be appointed as Auditors, in terms of provisions of Section 141 of the Act, and Rule 4 of the Rules, be and are hereby appointed as the Statutory Auditors of the Company to fill the casual vacancy caused due to the resignation of the M/s BSR & Co., LLP, Chartered Accountants (Firm Registration No. 101248W/W-100022) and to hold the office until the conclusion of the Thirty Second Annual General Meeting of the Company held for the financial year ending on March 31, 2020, on such remuneration as may be agreed upon by the Board of Directors and the Auditors, in addition to taxes and reimbursement of out of pocket expenses incurred by them in connection with the audit of accounts of the Company.

**RESOLVED FURTHER THAT** the Board of Directors or Company Secretary or the Chief Financial Officer of the Company be and are hereby severally authorized to do all such acts, deeds and things which may be deemed necessary and expedient to give effect to this resolution."

4. To approve appointment of the Statutory Auditor of the Company

To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** subject to the provisions of section 139 and 142 and other applicable provisions, if any, of the Companies Act, 2013, including any statutory modification(s) or re-enactment thereof, for the time being in force and the Articles of Association of the Company and on recommendation of the Audit Committee, M/s. MSKA & Associates, Chartered Accountants, (Firm Registration No: 105047W),

be and are hereby appointed as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting for a period of 5 years till the conclusion of the Thirty Seventh Annual General Meeting, at such remuneration as may be determined by the Board, from time to time;

**RESOLVED FURTHER THAT** any of the Director or Key Managerial Personnel of the Company, be and are hereby authorized to do such act, deeds and things and to file necessary e – forms with the concerned Registrar of Companies, to give effect to the aforementioned resolution.

## **SPECIAL BUSINESS**

### **5. To appoint Mrs. Subhasri Sriram (DIN: 01998599) as an Independent Director of the Company for a term not exceeding 5 years:**

To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

**“RESOLVED THAT** pursuant to the provisions of Sections 149, 150 and 152 and other applicable provisions, if any, of the Companies Act, 2013 (‘Act’), and the Companies (Appointment and Qualification of Directors) Rules, 2014, read with Schedule IV of the said Act and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (‘Listing Regulations’), Mrs. Subhasri Sriram (DIN: 01998599), who has submitted a declaration that she meets the criteria for Independence as provided in Section 149(6) of the Act and Regulation 16 of Listing Regulations and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing her candidature for the office of Director, be and is hereby appointed as an Non-Executive, Independent Director of the Company to hold office for a term of five consecutive years with effect from January 23, 2020 and that she shall not be liable to retire by rotation;

**RESOLVED FURTHER THAT** anyone of the Directors or Chief Financial Officer or Company Secretary be and are hereby severally authorized to file necessary forms with Ministry of Corporate Affairs and to do all such acts, deeds and things as may be deemed and expedient and necessary to give effect to this resolution.”

### **6. To consider grant of Stock Options to the employees of the Subsidiary Company(ies) (present and/or future) under the Niyogin - Employee Stock Option Plan 2019 (ESOP – 2019)**

To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution

**“RESOLVED THAT** pursuant to the provisions of Section 62(1)(b) and all other applicable provisions of the Companies Act, 2013 (“the Act”) read with the rules framed thereunder, the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (“SEBI SBEB Regulations”), the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the “Listing Regulations”), the circulars/guidelines issued by the Securities and Exchange Board of India (“SEBI”), the Articles of Association of the Company and all other applicable regulations, rules and

circulars/guidelines in force, from time to time (including any statutory modification or re-enactment thereof for the time being in force) and subject to such other approvals, permissions and sanctions, as may be necessary and such condition(s) and modification(s) as may be prescribed or imposed while granting such approvals, permissions and sanctions and subject to acceptance of such condition(s) or modification(s) by the Board of Directors of the Company (hereinafter referred to as the “Board”, which term shall include the Nomination and Remuneration Committee constituted by the Board or any other Committee which the Board may constitute to act as “Compensation Committee to exercise its powers, including the powers conferred by this resolution), consent of the members of the Company be and is hereby accorded to the Board to create, offer, grant, issue and allot, from time to time, in one or more tranches, the stock options of the Niyogin - Employee Stock Option Plan 2019 (“ESOP – 2019”) to such person(s) who are in the permanent employment of the Company’s subsidiaries, whether working in India or outside India, including Director of the Company’s subsidiaries, whether Whole-time director or not and such other persons as may from time to time be allowed to be eligible, but excluding Promoter, Promoter group, Independent Directors and Directors who by themselves or through their relatives or any body corporate hold 10% or more of the outstanding shares of the Company, for the benefit under the provisions of applicable laws and Regulations prevailing from time to time (hereinafter collectively referred to as “Employees”), in such manner and on such terms and conditions including the price as the Board may decide in accordance with the SEBI Regulations or other provisions of the law as may be prevailing at the relevant time, within the overall ceiling of 10,00,000 (Ten Lakhs) stock options exercisable into not more than 10,00,000 (Ten Lakh) equity shares of face value of Rs. 10/- (Rupees Ten) each fully paid - up, as mentioned in the aforesaid resolution;

**RESOLVED FURTHER THAT** the Board be and is hereby further authorised to issue and allot equity shares upon exercise of the options from time to time in accordance with ESOP - 2019 and such equity shares shall rank pari-passu in all respects with the then existing equity shares of the Company;

**RESOLVED FURTHER THAT** in case of any corporate action(s) such as rights issues, bonus issues, merger, sale of division, change in capital structure and others, if any, additional equity shares are issued by the Company for the purpose of making a fair and reasonable adjustment to the options granted earlier, the ceiling on the number of options mentioned in the resolution above, shall be deemed to be increased to the extent of such additional equity shares issued;

**RESOLVED FURTHER THAT** in case the equity shares of the Company are either sub - divided or consolidated, then the number of shares to be allotted and the exercise price payable by the option grantees under the ESOP - 2019 shall automatically stand augmented or reduced, as the case may be, in the same proportion as the present face value of Rs. 10/- (Rupees Ten) per equity share bears to the revised face value of the equity shares of the Company after such sub - division or consolidation, without affecting any other rights or obligations of the said grantees;

**RESOLVED FURTHER THAT** for the purpose of giving effect to the above resolution, the Board which includes the Nomination and Remuneration Committee, be and is hereby authorized to take necessary steps for the listing of the Equity Shares allotted under the ESOP – 2019 on the Stock Exchanges, where the Equity Shares of the Company are listed in compliance with the provisions of the Securities and

Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable laws, rules and regulations including instances where such stock options shall lapse and to grant such number of stock options, to such employees and Directors of the Subsidiary Company(ies), at par or at such other price, at such time and on such terms and conditions as set out in the ESOP - 2019 and as the Board may in its absolute discretion think fit, subject to applicable laws and to make any modification(s), change(s), variation(s), alteration(s) or revision(s) in terms and conditions of the ESOP – 2019 from time to time including but not limited to amendments with respect to vesting period, exercise price, eligibility criteria, vesting schedule, vesting conditions, withdraw or revive the ESOP - 2019, as the Board or the Nomination and Remuneration Committee may in its absolute discretion think fit, subject to applicable laws;

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to make any variation, amendment, modification or alteration in the ESOP - 2019, as it may deem fit, from time to time in its absolute discretion in conformity with the provisions of the Act, the SEBI SBEB Regulations, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable laws unless such variation, amendment, modification or alteration is not detrimental to the interest of the eligible employees who have been granted stock options under the ESOP – 2019;

**RESOLVED FURTHER THAT** the Company shall conform to the accounting policies prescribed from time to time under SEBI SBEB Regulations and any other applicable laws and regulations to the extent relevant and applicable to ESOP – 2019;

**RESOLVED FURTHER THAT** for the purpose of giving effect to this Resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, expedient or proper and to settle all questions, difficulties or doubts that may arise in relation to formulation and implementation of the ESOP – 2019 at any stage including at the time of listing of the equity shares issued herein without requiring the Board to secure any further consent or approval of the Members of the Company to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this Resolution;

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to delegate all or any powers conferred herein to Nomination and Remuneration Committee or such other Committees, with power to sub-delegate to any Executives/Officers of the Company to do all such acts, deeds, matters and things as also to execute such documents, writings etc., as may be necessary in this regard.”

By the Order of the Board  
For **Niyogin Fintech Limited**

**Neha Agarwal**  
Company Secretary &  
Compliance Officer  
(ACS 41425)

**Registered Office (w.e.f. January 01, 2020)**

MIG 944, Ground Floor, TNHB Colony, 1st Main Road  
Velachery, Chennai,  
Tamil Nadu- 600042

**CIN:** L65910TN1988PLC131102

**Website:** [www.niyogin.com](http://www.niyogin.com)

**E-mail:** [niyogin.compliance@niyogin.in](mailto:niyogin.compliance@niyogin.in)

**Place:** Mumbai

**Date:** July 23, 2020

**Notes:**

1. Considering the present Covid-19 pandemic, the Ministry of Corporate Affairs (“MCA”) has vide its circular dated May 5, 2020 read together with circulars dated April 8, 2020 and April 13, 2020 (collectively referred to as “MCA Circulars”) and SEBI circular dated May 12, 2020 (collectively referred to as “Circulars”) permitted convening the Annual General Meeting (“AGM”) through Video Conferencing (“VC”) or Other Audio Visual Means (“OAVM”), without the physical presence of the members at a common venue. In accordance with the MCA Circulars, provisions of the Companies Act, 2013 (**‘the Act’**) and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (**“SEBI Listing Regulations”**), the AGM of the Company is being held through VC / OAVM (hereinafter called as ‘e-AGM’).
2. The deemed venue for the Thirty second e-AGM shall be the registered office of the Company.
3. A statement pursuant to Section 102(1) of the Act forms part of this Notice.
4. Brief details of the directors who are seeking appointment / re-appointment at this Meeting are annexed hereto as per the requirements of regulation 36(3) of the SEBI Listing Regulations, 2015 and as per provisions of the Act.
5. The facility of joining the e-AGM through VC/OAVM will be opened 15 minutes before and will be open upto 15 minutes after the scheduled start time of the e-AGM, i.e. from 3:45 p.m. (IST) to 4.15 pm (IST) and will be available for 1,000 members on a first-come first-served basis. This rule would however not apply to participation of members holding 2% or more shareholding, promoters, institutional investors, directors, key and senior managerial personnel, auditors, etc.
6. Pursuant to the provisions of the Act, a member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a member of the Company. Since this e-AGM is being held through VC / OAVM, physical attendance of members has been dispensed with. Accordingly, the facility for appointment of proxies by the

members will not be available for the e-AGM and hence the Proxy Form and Attendance Slip are not annexed hereto.

7. Institutional Investors, who are members of the Company are encouraged to attend and vote at the thirty second e-AGM of the Company.
8. SEBI has mandated the submission of Permanent Account Number (PAN) by every person dealing in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their depository participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company or Link Intime.
9. In terms of section 101 and 136 of the Act, read together with the Rules made thereunder, the listed companies may send the notice of Annual General Meeting and the Annual Report, including Financial Statements, Board Report etc. by electronic mode. Pursuant to the said provisions of the Act read with MCA Circulars, Notice of the AGM along with the Annual Report 2019-20 is being sent only through electronic mode to those members whose email addresses are registered with the Company/ Depositories. Members may note that the Notice and Annual Report 2019-20 will also be available on the Company's website [www.niyogin.com](http://www.niyogin.com), websites of the Stock Exchange, i.e., BSE Limited at [www.bseindia.com](http://www.bseindia.com), and on the website of Company's Registrar and Transfer Agent, Link Intime Private Limited ("Link Intime") at [www.linkintime.co.in](http://www.linkintime.co.in).
10. To receive shareholders' communications through electronic means, including Annual Reports and Notices, members are requested to kindly register/ update their e-mail address with their respective depository participant, where shares are held in electronic form. Where shares are held in physical form, members are advised to register their e-mail address with Link Intime.
11. Further, those members who have not registered their e-mail addresses and mobile nos. and in consequence could not be served the Annual Report and Notice of e-AGM, may temporarily get themselves registered with Link Intime. Members are requested to support our commitment to environmental protection by choosing to receive the Company's communication through e-mail going forward.
12. With a view to helping us serve the members better, members who hold shares in identical names and in the same order of names in more than one folio are requested to write to the Company to consolidate their holdings in one folio.
13. SEBI vide its notification dated June 08, 2018 as amended on November 30, 2018, has stipulated that with effect from April 01, 2019, the transfer of securities (except transmission or transposition of shares) shall not be processed, unless the securities are held in the dematerialised form. To comply with the above mandate, members who still hold share certificates in physical form are advised to dematerialise their shareholding to also avail of numerous benefits of



dematerialisation, which include easy liquidity, ease of trading and transfer, savings in stamp duty and elimination of any possibility of loss of documents and bad deliveries.

- 14.** In case of joint holders, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote at the e-AGM.
- 15.** For ease of conduct, members who would like to ask questions/express their views on the items of the businesses to be transacted at the meeting can send in their questions/comments atleast 7 days before the e-AGM to the Company at [niyogin.compliance@niyogin.in](mailto:niyogin.compliance@niyogin.in) mentioning their name, demat account no./Folio no., e-mail Id, mobile number etc. The queries may be raised precisely and in brief to enable the Company to answer the same suitably depending on the availability of time at the meeting.
- 16.** Pursuant to section 72 of the Act, members holding shares in physical form are advised to file nomination in the prescribed Form SH-13 with the Company's share transfer agent. In respect of shares held in electronic/demat form, the members may please contact their respective depository participant.
- 17.** In terms of section 124(5) of the Act, dividend amount for the year ended March 31, 2013 remaining unclaimed for a period of 7 years shall become due for transfer in August 2020 to the Investor Education and Protection Fund (IEPF) established by the Central Government. Further, in terms of section 124(6) of the Act, in case of such shareholders whose dividends are unpaid for a continuous period of 7 years, the corresponding shares shall be transferred to the IEPF demat account. Members who have not claimed dividends in respect of the financial years from 2012-13 onwards are requested to approach the Company/ Link Intime India Private Limited, Registrar and Share Transfer Agent for claiming the same as early as possible, to avoid transfer of the relevant shares to the IEPF demat account.
- 18.** For more details on shareholders' matters, please refer to the chapter on General Shareholder Information included in the Annual Report.
- 19.** Since the AGM will be held through VC/ OAVM, the route map of the venue of the Meeting is not annexed hereto.
- 20.** In case a person has become a member of the Company after dispatch of AGM Notice, but on or before the cut-off date for e-voting, i.e., Friday, September 11, 2020, such person may obtain the User ID and Password from Link Intime.
- 21.** Alternatively, member may send signed copy of the request letter providing the e-mail address, mobile number, self-attested PAN copy along with client master copy (in case of electronic

folio)/copy of share certificate (in case of physical folio) via e-mail to Link Intime for obtaining the Annual Report and Notice of e-AGM.

22. The Board of Directors have appointed Mr. Mitesh Shah, practicing Company Secretary (FCS 10070 & CP No: 12891), Proprietor, Mitesh J. Shah & Associates, Company Secretaries, as the Scrutinizer for the e-voting process and voting at e-AGM in a fair and transparent manner.
23. The Chairman shall formally propose to the members participating through VC/OAVM facility to vote on the resolutions as set out in the Notice of the thirty second e-AGM and announce the start of the casting of vote through the e-voting system of NSDL.
24. The Scrutinizer shall, immediately after the conclusion of voting at the e-AGM, first count the votes cast at the meeting, thereafter unblock the votes through e-voting in the presence of at least two witnesses, not in the employment of the Company and make a consolidated Scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman of the Company, who shall countersign the same.
25. The results declared along with the Scrutinizers Report shall be placed at the Company's website [www. niyogin.com](http://www.niyogin.com) immediately after the results are declared by the Company and simultaneously communicated to the BSE.
26. The Company has been maintaining, *inter alia*, the following statutory registers at its registered office at Chennai, Tamil Nadu - 600042
  - i) Register of contracts or arrangements in which directors are interested under section 189 of the Act.
  - ii) Register of directors and key managerial personnel and their shareholding under section 170 of the Act.In accordance with the MCA circulars, the said registers will be made accessible for inspection and shall remain open and be accessible to any member during the continuance of the meeting. The members can write to us on [niyogin.compliance@niyogin.in](mailto:niyogin.compliance@niyogin.in) for the inspection of the records.
27. Certificate from Statutory Auditors of the Company certifying that the NFL- Employee Stock Option Plan 2018 (ESOP 2018) of the Company is being implemented in accordance with the SEBI (Share Based Employee Benefits) Regulations, 2014 forms part of the Annual report.
28. Instructions for e-voting and joining the e-AGM are as follows:

## Remote e-voting:

The remote e-voting period begins on Monday, September 14, 2020 at 09:00 A.M. (IST) and ends on Wednesday, September 16, 2020 at 05:00 P.M (IST). The remote e-voting module shall be disabled by NSDL for voting thereafter.

## How do I vote electronically using NSDL e-Voting system?

The way to vote electronically on NSDL e-Voting system consists of “Two Steps” which are mentioned below:

### Step 1: Log-in to NSDL e-Voting system at [https:// www.evoting.nsdl.com/](https://www.evoting.nsdl.com/)

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: [https:// www.evoting.nsdl.com/](https://www.evoting.nsdl.com/) either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholders’ section.
3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at [https:// eservices.nsdl.com/](https://eservices.nsdl.com/) with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. *Cast your vote electronically*.

4. Your User ID details are given below:

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****

c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***
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5. Your password details are given below:

- (a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
- (b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.

(c) How to retrieve your '**initial password**'?

- (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
- (ii) If your email ID is not registered, please follow steps mentioned below in process for those shareholders whose email ids are not registered.

6. If you are unable to retrieve or have not received the "initial password" or have forgotten your password:

- (a) Click on "Forgot User Details/Password?" (If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
- (b) Physical User Reset Password?" (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
- (c) If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address.
- (d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.

7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.

8. Now, you will have to click on "Login" button.

9. After you click on the “Login” button, Home page of e-Voting will open

**Step 2: Cast your vote electronically on NSDL e-Voting system.**

1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
2. After click on Active Voting Cycles, you will be able to see all the companies “EVEN” in which you are holding shares and whose voting cycle is in active status.
3. Select “EVEN” of company for which you wish to cast your vote.
4. Now you are ready for e-Voting as the Voting page opens.
5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on “Submit” and also “Confirm” when prompted.
6. Upon confirmation, the message “Vote cast successfully” will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

**General Guidelines for shareholders**

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to [csmjshah@gmail.com](mailto:csmjshah@gmail.com) with a copy marked to [niyogin.compliance@niyogin.in](mailto:niyogin.compliance@niyogin.in) and [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the “Forgot User Details/Password?” or “Physical User Reset Password?” option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800-222-990 or send a request to (Name of NSDL Official) at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)

**Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice:**

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN

card), AADHAR (self-attested scanned copy of Aadhar Card) by email to [niyogin.compliance@niyogin.in](mailto:niyogin.compliance@niyogin.in)

2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) to [niyogin.compliance@niyogin.in](mailto:niyogin.compliance@niyogin.in)

**THE INSTRUCTIONS FOR MEMBERS FOR e-VOTING ON THE DAY OF THE AGM ARE AS UNDER:**

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
2. Only those Members/ shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.
3. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM
4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.

**INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:**

1. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access the same at <https://www.evoting.nsdl.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush. Further members can also use the OTP based login for logging into the e-Voting system of NSDL.
2. Members are encouraged to join the Meeting through Laptops for better experience.
3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.

By the Order of the Board  
For **Niyogin Fintech Limited**

**Neha Agarwal**  
Company Secretary & Compliance Officer  
(ACS 41425)

**Registered Office (w.e.f. January 01, 2020)**

MIG 944, Ground Floor, TNHB Colony, 1st Main Road  
Velachery, Chennai,  
Tamil Nadu- 600042

**CIN:** L65910TN1988PLC131102

**Website:** [www.niyogin.com](http://www.niyogin.com)

**E-mail:** [niyogin.compliance@niyogin.in](mailto:niyogin.compliance@niyogin.in)

**Place:** Mumbai

**Date:** July 23, 2020

## EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 (“ACT”)

### Item No. 3 & 4:

M/s. BSR & Co. LLP, Chartered Accountants (Firm Registration No. 101248W/W-100022) were appointed as the Statutory Auditors of the Company in the Annual General Meeting of the Company held on September 28, 2017 for a term of five years to hold office from the FY-2018 till FY-2022. However, BSR & Co. LLP, Chartered Accountant, Statutory Auditors has shown their inability to continue as Statutory Auditors of the Company for commercial considerations as the proposed fees was not commensurate to their time and efforts and have tendered their resignation vide their resignation letter dated July 23, 2020, resulting into a casual vacancy in the office of Statutory Auditors of the company.

Pursuant to the provisions of Section 139(8) of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014 (including any statutory modification or amendment thereto or re-enactment thereof for the time being in force) and all other applicable laws, if any, casual vacancy caused by the resignation of Auditors can be filled by the Board subject to the approval of the members within three months of the recommendation of the Board. Therefore, as per the recommendation of the Audit Committee, the Board proposes and recommends that M/s. MSKA & Associates, Chartered Accountants, (Firm Registration No: 105047W) be appointed as the Statutory Auditors of the Company to fill the casual vacancy caused by the resignation of M/s BSR & Co., LLP, Chartered Accountants and shall hold office up to the conclusion of the this Annual General Meeting of the Company.

Further, the Board also recommends re-appointment of M/s. MSKA & Associates, Chartered Accountants, (Firm Registration No: 105047W) as the statutory auditor of the Company pursuant to the provisions of Section 139 and 142 of the Act to hold office from the conclusion of this Annual General Meeting for a period of 5 years till the conclusion of the Thirty Seventh Annual General Meeting of the Company, at such remuneration as may be determined by the Board, from time to time.

### **Details in relation to and credentials of the statutory auditor(s) proposed to be appointed as per Regulation 36(5)**

M/s MSKA & Associates is a Chartered Accountancy Firm registered with Institute of Chartered Accountants of India with Firm Registration No. 105047W. The firm has presence in 9 cities in India viz Ahmedabad, Bengaluru, Chennai, Kolkata, Hyderabad, Mumbai, New Delhi – Gurgaon, Goa and Pune. The Firm provides a range of services which include Audit & Assurance, Taxation, Accounting and Risk Advisory. The Firm’s Audit & Assurance practice has significant experience in auditing financial services clients including banks.



M/s. MSKA & Associates, Chartered Accountants, (Firm Registration No: 105047W), have conveyed their consent to be appointed as the Statutory Auditors of the Company along with the requisite confirmation that, their appointment, if made by the members, would be within the limits prescribed under the Companies Act, 2013.

The Board commends the Ordinary Resolution set out in Item No. 3 & 4 of this Notice for approval by the members.

None of the Directors, Key Managerial Persons or their relatives, are in any way, except to the extent of their shareholding in the Company, concerned or interested, financially or otherwise, in the said Ordinary Resolution set out at Item No. 3 & 4 of this Notice.

**Item No. 5:**

Pursuant to the provisions of the Companies Act 2013 ("the Act") and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), the Board of Directors (Board) on the recommendation of the Nomination and Remuneration Committee is recommending the appointment of Mrs. Subhasri Sriram (DIN: 01998599) to the Members.

In terms of the provisions of Sections 149, 150, 152 read with Schedule IV and any other applicable provisions of the Act and Listing Regulations, Mrs. Subhasri Sriram (DIN: 01998599), being eligible and offering herself for appointment, is proposed to be appointed as an Independent Non-Executive Director for term of 5 (five) years from the date of her appointment.

The Company has received a notice in writing under the provisions of Section 160 of the Act from a member proposing the candidature of Mrs. Subhasri Sriram for appointment as an Independent Director as per the provisions of the Act. The Company has also received a declaration from Mrs. Subhasri Sriram that she meets the criteria of independence as prescribed both under subsection (6) of Section 149 of the Act and under the Listing Regulations.

Details of Mrs. Subhasri Sriram as required under the Regulations 36(3) and 26(4) of the Listing Regulations and Secretarial Standards 2 on General Meetings issued by the Institute of Company Secretaries of India (ICSI) have been given in the 'Annexure' for the information of Members.

In the opinion of the Board, Mrs. Subhasri Sriram fulfills the conditions specified in the Act, and rules made thereunder and the Listing Regulations for her appointment as an Independent Director of the Company and is independent of the Management. A copy of draft letter for appointment of Mrs. Subhasri Sriram as an Independent Director setting out the terms and conditions would be available for inspection by the Members at the Registered Office of the Company between 10.00 a.m. to 5.00 p.m. on any working day of the Company (excluding Saturdays and Sundays) upto the date of this Annual General Meeting.

The Board considers that her association would be of immense benefit to the Company and it is desirable to avail services of Mrs. Subhasri Sriram as an Independent Director.

None of the Directors/ Key Managerial Personnel of the Company and their relatives except the appointee are concerned or interested in the resolution.

The Board recommends the Ordinary Resolution at Item No. 5 of the Notice for approval of the Members.

#### **Item No. 6:**

The Board that its meeting held on November 13, 2019, had approved the Niyogin - Employee Stock Option Plan 2019 (ESOP – 2019) for employees of the Company's subsidiaries wherein a pool of 10 Lacs options was approved which can be used to reward eligible employees of the Company's subsidiaries. The resolution was passed by members via postal ballot on December 24, 2020.

As per Regulation 6 (3)(c) of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, approval of shareholders by way of separate resolution in the general meeting has to be obtained by the company in case of grant of option, shares or other benefits, as the case may be, to the employees of the subsidiary or holding company, from time to time;

Accordingly, it was proposed to consider the following resolution to grant options from time to time, in one or more tranches, not exceeding 10,00,000 (Ten Lakhs) Equity shares of face value of Rs. 10/- each of the Niyogin - Employee Stock Option Plan 2019 ("ESOP – 2019") to such person(s) who are the permanent employees or Directors of Subsidiary Company(ies) (present and/or future), if any, of the Company as may be permissible under the SEBI Regulations.

The salient features of Niyogin ESOP 2019 are set out as per SEBI circular and are as under:

- (a) **Brief Description of the Scheme** – Niyogin ESOP 2019: Niyogin ESOP 2019 is intended to reward the Eligible Employees [as described under clause (c) herein below], for their performance and to motivate them to contribute to the growth and profitability of the Company. Niyogin ESOP 2019 will help to retain talent in the organization as the Company views stock options as an instrument that would enable the Eligible Employees to share the value they create for the Company and align individual objectives with the objectives of the Company in the years to come.
- (b) **The total number/ quantum of options to be granted:** The total number of options that may, in the aggregate, be issued would be such number of options which shall entitle the option holders to acquire in one or more tranches upto 10,00,000 (Ten Lakhs) equity shares of Rs. 10 each (or such other adjusted figure for any bonus, stock splits or consolidations or other re-organisation of the capital structure of the Company, as may be applicable, from time to time).

SEBI SBEB Regulations require that in case of any corporate action(s) such as rights issues, bonus issues, merger and sale or division, and others, a fair and reasonable adjustment needs to be made to the Options granted. Accordingly, if any additional Equity Shares are issued by the Company to the Option grantees for making such fair and reasonable adjustment, the above ceiling Shares shall be deemed to be increased to the extent of such additional equity shares issued.

Vested options lapsed due to non-exercise and/or unvested options that get cancelled due to resignation of Option grantees or otherwise, would be available for being re-granted at a future date. The Board is authorized to re-grant such lapsed / cancelled options as per the provisions of Niyogin ESOP 2019.

- (c) **Identification of classes of employees entitled to participate and be beneficiaries in the Scheme:** All permanent employees of the Company's subsidiaries working in India or out of India and Directors (whether Managing/Whole time Director or not) (present or future) (excluding Promoters and an employee who is a Promoter or a person belonging to the Promoter Group) and further excluding a director who either by himself or through his relative or through any Body Corporate, directly or indirectly holds more than 10% of the outstanding equity shares of the Company and excluding Independent Directors as may be decided by the Nomination and Remuneration Committee. The class of Employees of the Company's subsidiaries eligible for participating in the Niyogin ESOP 2019 shall be determined on the basis of the grade, number of years' service, performance, role assigned to the employee and such other parameters as may be decided by the Nomination and Remuneration Committee in its sole discretion from time to time. The options granted to an Employee will not be transferable to any person and shall not be pledged, hypothecated, mortgaged or otherwise alienated in any other manner.
- (d) **Requirements of vesting and period of vesting:** Vesting of options may commence after a period of not less than one year from the date of grant. The vesting may occur in one or more tranches, subject to the terms and conditions of vesting, as stipulated in the Niyogin ESOP 2019. Following table shall be applicable in case of various scenarios (during employment) for vesting and exercising:

Sr. No.	Separations	Vested Options	Unvested Options
1.	Resignation	All Vested Options as on date of submission of resignation may be exercised by the Option Grantee on or before his last working day with the Company.	All Unvested Options on the date of submission of resignation shall stand cancelled with effect from that date.
2.	Termination (With or without cause)	All Vested Options which were not allotted at the time of such termination shall stand cancelled with effect from the date of such termination.	All Unvested Options on the date of such termination shall stand cancelled with effect from the termination date.

3.	Retirement or early Retirement approved by the Company	All Vested Options as on date of retirement may be exercised by the Option Grantee within permitted exercise period.	All Unvested Options shall vest as per original vesting schedule and may be exercised by the Option Grantee within permitted exercise period.
4.	Death	All Vested Options may be exercised by the Option Grantee's nominee or legal heir immediately after, but in no event later than 6 months from the date of Death.	All the Unvested Options as on the date of death shall vest immediately and may be exercised by the Option Grantee's nominee or legal heir/s within 6 months from the date of Death.
5.	Permanent Disability	All Vested Options may be exercised by the Option Grantee or, if the Option Grantee is himself, unable to exercise due to such disability, the nominee or legal heir, immediately after, but in no event later than 6 months from the date of such disability.	All the Unvested Options as on the date of such Permanent Disability shall vest immediately and can be exercised by the Option Grantee or, if the Option Grantee is himself unable to exercise due to such incapacity, the nominee or legal heir immediately after, but in no event later than 6 months from the date of such disability.
6.	*Abandonment	All the Vested Options shall stand cancelled.	All the Unvested Options shall stand cancelled.
7.	*Other reasons apart from those mentioned above	The Board/ Committee shall decide whether the Vested Options as on that date can be exercised by the Option Grantee or not, and such decision shall be final.	All Unvested Options on the date of separation shall stand cancelled with effect from that date.

*\*The Board/ Committee, at its sole discretion shall decide the date of cancellation of Option's and such decision shall be binding on all concerned.*

- (e) Maximum period within which the options shall be vested: The maximum vesting period may extend up to 5 (five) years from the date of grant of options, unless otherwise decided by the Nomination and Remuneration Committee.

- (f) Exercise price or pricing formula: Exercise Price means the price at which the Option Grantee is entitled to acquire the equity shares pursuant to the options granted and vested in him/her under the Scheme. The Exercise Price shall be equal to Rs. 10/- (Rupees Ten only) per option or any other price as may be decided by the Board/Committee. In any case, the Exercise Price per Option shall not be less than the face value of shares and it may be different for different class/ classes of Employees of the Company's subsidiaries falling in the same tranche of grant of Options issued under Niyogin ESOP– 2019.
- (g) Exercise period and process of exercise: The Exercise period shall not be more than 5 years from the date of respective vesting of Options. The options granted may be exercised by the Grantee at one time or at various points of time within the exercise period as determined by the Committee from time to time. The Vested options shall be exercisable by the employees of the Company's subsidiaries by a written application or by any electronic mode (which will include making applications online using any ESOP administration software) to the Company expressing his/ her desire to exercise such options in such manner and on such format as may be prescribed by the Nomination and Remuneration Committee from time to time. The options shall lapse if not exercised within the specified exercise period. The options may also lapse, under certain circumstances even before the expiry of the specified exercise period. Payment of the Exercise Price shall be made by a crossed cheque or a demand draft drawn in favour of the Company, or by any other payment methods prevalent in RBI recognized banking channels or in such other manner and subject to such procedures as the Board/Committee may decide.
- (h) Appraisal Process for determining the eligibility of Employees to the Scheme: The appraisal process for determining the eligibility of the Employee will be specified by the Nomination and Remuneration Committee and will be based on criteria such as the grade of Employee, length of service, performance record, merit of the Employee, future potential contribution by the Employee and/or by any such criteria that may be determined by the Nomination and Remuneration Committee.
- (i) Maximum number of options to be issued per Employee and in the aggregate: The number of Options that may be granted to any specific employee under Niyogin ESOP 2019 shall not exceed the number of Shares equivalent to 1% of the Issued Share Capital of the Company and in aggregate, if prior specific approval from members of the Company through a special resolution to this effect is not obtained.
- (j) Terms of the scheme:
1. The Company shall not vary the terms of the schemes in any manner, which may be detrimental to the interests of the Option Grantees: Provided that the Company shall be entitled to vary the terms of the schemes to meet any regulatory requirements.
  2. Subject to the proviso to sub-regulation (1), the company may by special resolution in a general meeting vary the terms of the schemes offered pursuant to an earlier resolution of the general body but not yet exercised by the employee provided such variation is not prejudicial to the interests of the Option Grantees.

3. The notice for passing special resolution for variation of terms of the scheme shall disclose full details of the variation, the rationale therefore, and the details of the Option Grantees who are beneficiaries of such variation.
  4. The Company may re-price the options as the case may be which are not exercised, whether or not they have been vested if the terms of the grants were rendered unattractive due to fall in the price of the shares in the stock market; Provided that the company ensures that such re-pricing shall not be detrimental to the interest of the Option Grantees and approval of the shareholders in general meeting has been obtained for such repricing.
- (k) Transferability of Employee Stock Options:
- (i) The Options granted to an employee shall not be transferable to any person and shall not be pledged, hypothecated, mortgaged or otherwise alienated in any manner. However, in the event of the death of the Option Grantee, the right to exercise all the Options granted to him till such date shall be vest in his legal heirs or nominees.
  - (ii) In the event of resignation or termination of the Option Grantee, all the options which are granted and yet not vested as on that day shall lapse.
  - (iii) In the event that an Option Grantee who has been granted benefits under a scheme is transferred or deputed to subsidiary company prior to vesting or exercise, the vesting and exercise as per the terms of grant shall continue in case of such transferred or deputed employee even after the transfer or deputation.
- (l) Certificate from auditors: The Board of Directors shall at each annual general meeting place before the shareholders a certificate from the auditors of the company that the scheme(s) has been implemented in accordance with the prescribed regulations and in accordance with the resolution of the company in the general meeting.
- (m) Implementation and administration of the Scheme: The Scheme will be implemented directly by the Company under the guidance of the Nomination and Remuneration Committee of the Board.
- (n) Whether scheme involves new issue of shares by the Company or Secondary acquisition by the trust: The Scheme will involve only new issue of shares by the Company.
- (o) Disclosure and accounting policies: The Company shall conform to the accounting policies specified by Securities & Exchange Board of India as per the SEBI (SBEB) Regulations, amended from time to time and relevant Accounting Standard as may be prescribed by the Institute of Chartered Accountants of India (ICAI), from time to time.
- (p) Method of Valuation: The Company follows fair value method for computing the compensation cost, if any, for the options granted. The company will follow IFRS/ IND AS/ any other requirements for the same.

- (q) Rights of the option holder: The employee shall not have right to receive any dividend or to vote or in any manner enjoy the benefits of a shareholder in respect of option granted to him, till shares are allotted upon exercise of option.
- (r) Consequence of failure to exercise option: All unexercised options shall lapse if not exercised on or before the exercised period ends. The amount payable by the employee, if any, at the time of grant of option, - (i) may be forfeited by the company if the option is not exercised by the employee within the exercise period; or (ii) may be refunded to the employee if the options are not vested due to non-fulfilment of conditions relating to vesting of option as per the Scheme.
- (s) Other terms
  - The Board or Nomination and Remuneration Committee shall have the absolute authority to vary, modify or alter the terms of the Scheme in accordance with the regulations and guidelines as prescribed by the Securities and Exchange Board of India or regulations that may be issued by any appropriate authority, from time to time, unless such variation, modification or alteration is detrimental to the interest of the Option Grantees.
  - The Board or Nomination and Remuneration Committee may, if it deems necessary, modify, change, vary, amend, suspend or terminate the Niyogin ESOP - 2019, subject to compliance with the Applicable Laws and Regulations.
  - The shares may be allotted directly to the Option Grantees in accordance with the Scheme and such Scheme may also contain provisions for providing financial assistance to the Employees of the Company's subsidiaries to enable the Employees of the Company's subsidiaries to acquire or subscribe to the shares.

Regulation 6(3)(c) of SEBI (SBEB) Regulations requires that every employee stock option scheme shall be approved by the members of the company by passing a special resolution in a general meeting in case of grant of option, shares or other benefits, as the case may be, to the employees of the subsidiary or holding company, from time to time under the applicable laws. Accordingly, the Special Resolution set out in this Notice is proposed for approval by members.

Directors / Key Managerial Personnel of the subsidiary company who may be granted options under Niyogin ESOP 2019 may be deemed to be concerned or interested in the Special Resolution stated in this Postal Ballot Notice. Save as aforesaid, none of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way except to the extent of their shareholding in the Company, concerned or interested, financially or otherwise, in the said Special Resolution.

The Board commends the Special Resolution set out in Item No. 6 this Postal Ballot Notice for approval by the members.

### Annexure to Notice

**Additional information of director for appointment / re-appointment as required under Secretarial Standards and Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

Name of Director	Mr. Amit Vijay Rajpal	Mrs. Subhasri Sriram
Date of Birth	March 04, 1973	April 8, 1969
Age	47 years	51 years
Qualifications	Masters in Business Administration from IIM- Calcutta and Bachelor of Commerce	Member of Institute of Company Secretaries and Institute of Cost Accountants of India. Post Graduate Diploma in Cyber Laws.
Experience	He has over 15 years of experience in the financial services industry. He also served as a Managing Director of Morgan Stanley for a period of 11 years.	Mrs. Subhasri Sriram is a finance professional with close to three decades of experience across various industries, out of which, more than 15 years has been at CFO position in a leading financial services business.
Nature of expertise in specific functional areas	Financial Services, Investment Strategies.	Financial Services
Terms and Conditions of Re-appointment	Mr. Amit Rajpal will be re-appointed on the same terms and conditions as they were approved by the Members at their Annual General Meeting held on 25 <sup>th</sup> September 2018	Mrs. Subhasri Sriram will be appointed for a term of 5 years from her date of appointment i.e. January 23, 2020
Details of Remuneration sought to be paid	NIL	Sitting Fees only.
Details of Remuneration last paid	NIL	NIL



Date of first appointment in the Board	December 5, 2016.	January 23, 2020
Shareholding in the Company	NIL	NIL
Relationship with other Directors, Manager and other Key Managerial Personnel of the Company	NIL	NIL
Number of meetings of the Board attended during the year	6 Board meetings	1 Board Meeting
Number of Memberships in Committees (including this Company)	4	1
Directorships held in other companies in India*	NIL	3

\*Includes Directorship in Private Limited Companies

By the Order of the Board  
For **Niyogin Fintech Limited**

**Neha Agarwal**  
Company Secretary & Compliance Officer  
(ACS 41425)

**Date:** July 23, 2020

**Place:** Mumbai



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**niyogin**

**NiyogIn Flntech Limited**

Neelkanth Corporate IT Park, 311/312, 3rd Floor, Kiroli Road,  
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