A. T. JAIN & Co.
CHARTERED ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Members of Centrum Microcredit Limited

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the accompanying Ind AS financial statements of Centrum Microcredit Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2022, the Statement of Profit and Loss (including Other Comprehensive income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the Ind AS financial statements including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Indian Accounting Standards ("Ind AS") prescribed under section 133 of the Act, of the state of affairs of the Company as at March 31, 2022, its loss (including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

Other Matter

We draw your attention to the fact that the corresponding figures for the year ended 31st March, 2021 are based on previously issued financial statements of the Company that were audited by the predecessor auditor who expressed an unmodified opinion in its Audit report issued dtd. 3rd May, 2021.

Our opinion is not modified in respect of this matter.

Basis for Opinion

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

A. T. JAIN & CO. MUMBAI-20 CHARTERED ACCOUNTANTS

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Mumbai - 400 020.
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Email : accounts@atjain.net

414, Hubtown Solaris, 4th Floor,
N. S. Phadke Marg, Near East West Flyover,
Andheri (East), Mumbai - 400 069.
Tel.: 022 - 6736 2000
Email : accounts@atjain.net

Other Information

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

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

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

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

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

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

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

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

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process.

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

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

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

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

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

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

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant

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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.

Report on Other Legal and Regulatory Requirements

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

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

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

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

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

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

e. On the basis of the written representations received from the directors as on March 31, 2022, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 from being appointed as a director in terms of section 164(2) of the Act;

f. With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure 2";

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

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

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

A. T. JAIN & CO. ★ MUMBAI-20 ★ CHARTERED ACCOUNTANTS

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

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

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

For A.T.Jain & Co
Chartered Accountants
ICAI Firm Registration No. 103886W

A.T. JAIN & CO. MUMBAI-20 CHARTERED ACCOUNTANTS

Sushil T Jain
Partner
Membership No. 033809

UDIN: 22033809AHQIUL6372
Place: Mumbai
Date: 18th April, 2022

Annexure 1 to the Independent Auditor's Report
Referred to in paragraph 1 under the section "Report on Other Legal and Regulatory Requirements" of Independent Auditor's Report of even date to the members of Centrum Microcredit Limited on the Ind AS Financial Statements for the year ended March 31, 2022

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

i. The Company does not hold any Property Plant & Equipment, Intangible Assets, or Immovable Property as at 31st March, 2022. Therefore, the provisions of Clause 3(i)(a)(A), (i)(a)(B), (i)(b), (i)(c) and (i)(d) of the Order are not applicable to the Company. Further, according to the information and explanations provided by the management, the company did not have any proceedings initiated nor pending under Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

ii. (a) The Company was a Non - Banking Company during the year, primarily engaged in lending business and did not hold any inventory. Therefore, the provisions of Clause 3(ii)(a) of the said Order are not applicable to the Company.

(b) The company has not been sanctioned any working capital limits from banks or financial institutions on the basis of security of current assets. Therefore, the provisions of Clause 3(ii)(b) of the said Order are not applicable to the Company.

iii. According to information and explanations given to us, the company has granted inter corporate deposits (ICDs) to its Group companies.

(a) The Company was registered as an NBFC – MFI with RBI, primarily engaged in lending business. However, the company sold the Business vide a Business Transfer Agreement by way of slump sale effective 31st October, 2021. Accordingly, reporting under the Clause 3(iii)(a) of the said Order relates to the period from 1st November, 2022 till 31st March, 2022.

(A) The Company has not provided loans or provided advances in the nature of loans, or stood guarantee, or provided security to subsidiaries, joint ventures and associates

(B) The Company has provided ICDs to the following parties other than subsidiaries, joint ventures and associates:

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Company name	Aggregate amount during the year	Balance outstanding at the Balance Sheet date

Centrum Capital Limited	74,50,00,000	63,10,00,000
Centrum Financial Services Limited	48,69,00,000	48,69,00,000

(b) The terms and conditions of the above mentioned ICDs are prima facie not prejudicial to the company's interest.

(c) In respect of such ICDs, the schedule of repayment of principal and payment of interest has been stipulated and the repayments or receipts are regular;

(d) In respect of the aforesaid ICDs, there is no overdue amount as at Balance sheet date.

(e) The Company has not renewed nor extended nor granted any fresh loans to settle the overdues of existing ICDs granted to the same parties and therefore, the provisions of Clause 3(iii)(e) of said Order are not applicable to the company.

(f) The company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment. Therefore, the provisions of Clause 3(iii)(f) of the said Order are not applicable to the Company

iv. In our opinion and according to the information and explanations given to us, provisions of Section 185 and 186 of the Companies Act, 2013 in respect of loans and advances given, investments made and guarantees, and securities given have been complied with by the Company to the extent applicable.

v. The Company has not accepted any deposits from the public within the meaning of Sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under.

vi. The Central Government of India has not prescribed the maintenance of cost records under sub-section (1) of section 148 of the Companies Act.

vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing the undisputed statutory dues, including provident fund, employees' state insurance, income tax, Goods and Service Tax (GST), cess or any other material statutory dues, as applicable, with the appropriate authorities, though there has been a slight delay in few cases which are not serious.

As explained to us, the Company did not have any dues on account of Sales tax, Service tax, Value added tax, duty of customs and duty of Excise. 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 statutory dues

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applicable to the company were in arrears as at 31st March, 2022 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no material dues of income tax, goods and service tax, cess or any other material statutory dues applicable to the company which have not been deposited with the appropriate authorities on account of any dispute.

viii. According to the information and explanations given to us and the records of the company examined by us, there are no transactions in the books of account that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961We have been informed by the management that the company does not have any undisclosed income and therefore the provisions of Clause 3(viii) of said Order are not applicable to the company.

ix. (a) In our opinion and according to information and explanations provided to us, the company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender. Therefore, provisions of Clause 3(ix)(a) of the Order are not applicable to the company.

(b) According to information and explanations provided to us, the company has not been declared as wilful defaulter by any bank or financial institution or other lender.

(c) According to the information and explanation given to us and based on the documents and records examined by us, in our opinion, the Company has prima facie utilised the moneys raised by way of the term loans for the purpose for which they were obtained, though idle funds which were not required for immediate utilisation were temporarily invested in mutual funds or fixed deposits.

(d) According to information and explanations provided to us and the procedures followed by us and an overall examination of the financial statements of the Company, we report that no funds raised on short - term basis have been used for for long term purposes by the Company.

(e) According to information and explanations provided to us, the company has not raised any funds on account of or to meet the obligations of its subsidiaries, associates or joint ventures.

(f) The company does not hold any investments and therefore the provisions of Clause 3(ix)(f) of said Order are not applicable to the company.

x. (a) According to the information and explanations given to us and the records of the Company examined by us, the Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the period. Accordingly, provisions of Clause 3(x)(a) of the Order are not applicable to the company.

(b) According to the information and explanations given to us and the records of the Company examined by us, the company has not made any private placement of

A. T. JAIN & CO. MUMBAI-20 CHARTERED ACCOUNTANTS

shares or convertible debentures (fully, partially or optionally convertible) during the year and therefore, provisions of Clause 3(x)(b) of the Order are not applicable to the company.

xi. (a) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the period, nor have we been informed of any such case by the Management except for instance of cash embezzlement by loan officers of the Company amounting to Rs. 20.52 Lakhs out of which an amount of Rs. 3.77 Lakhs has been recovered.

(b) During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, a report under Section 143(2) of the Act, in form ADT – 4, as prescribed under Rule 13 of The Companies (Audit and Auditors) Rules, 2014 was not required to be filed with the Central Government. Accordingly, the reporting under clause 3(xi)(b) of the Order is not applicable to the Company.

(c) During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, and as represented to us by the management, no whistle-blower complaints have been received during the year by the Company. Accordingly, reporting under Clause 3(xi)(c) of said Order are not applicable to the company.

xii. In our opinion and according to information and explanations provided to us, the Company is not a Nidhi Company. Therefore, the provisions of Clause 3(xii)(a), (b) and (c) of the Order are not applicable to the Company.

xiii. In our opinion and as per information and explanations provided to us by management all the transactions with the related parties are in compliance with the provisions of sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the financial statements as required under Related Party Disclosures specified under Section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014.

xiv. (a) In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting commensurate with the size and nature of its business.

(b) We have considered the report of Internal Auditor for the period under audit.

xv. According to the records of the Company examined by us and the information and explanation given to us, the company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.

A. T. JAIN & CO. MUMBAI-20 CHARTERED ACCOUNTANTS

xvi. (a) The Company had obtained registration with the Reserve Bank of India ('RBI') as a Non-Banking Financial Company – Micro Finance Institution ('NBFC-MFI') and have been engaged in Microfinance business. However, during the year the company has discontinued its lending business pursuant to One of the licensing conditions imposed by The Reserve Bank of India (RBI) for granting license to Centrum Financial Services Limited, (Fellow Subsidiary company) to establish a small finance bank (SFB) as a part of revival/ reconstruction of Punjab and Maharashtra Co-operative Bank Limited (PMC Bank).

The Company has also applied for cancellation of Certificate of Registration (CoR) to the Reserve Bank of India (RBI) on 17 January 2022. The original certificate of registration has also been surrendered to RBI on 9 March 2022 pursuant to RBI instruction.

The Board of Directors in their meeting dated 11th February 2022 approved the scheme of amalgamation of the Company with its 100% parent, Centrum Capital Limited. Post this, the Company has, together with Centrum Capital Limited, applied to the National Company Law Tribunal (NCTL) on 13 April 2022 for the amalgamation.

For the Year ended 31st March 2022, the Financial Statements of the company appears to meet the 50:50 criteria of NBFC test. However, since the Company has discontinued the lending business during the year and has sought cancellation of CoR from RBI pursuant to directive from the regulator, and filing of scheme of amalgamation with its 100% parent, in our opinion the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) as at 31st March, 2022.

(b) According to the information and explanations given to us and the records of the Company examined by us, the company has not conducted any Non-Banking Financial or Housing Finance activities without a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.

(c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Therefore, the provisions of Clause 3(xvi)(c) of the Order are not applicable to the Company.

(d) Based on the information and explanations provided by the management of the company, the Group does not have any CIC which are part of the Group. We have not, however, separately evaluated whether the information provided by the management is accurate and complete. Accordingly, the reporting under clause 3(xvi)(d) of the Order is not applicable to the Company.

xvii. According to the information and explanations given to us, and the records of the company examined by us, the company has incurred cash losses amounting to Rs. 73.22 Lakhs during the current financial year but has not incurred any cash losses during the immediately preceding financial year.

A. T. JAIN & CO. MUMBAI-20 CHARTERED ACCOUNTANTS

xviii. There had been a resignation of the statutory auditors of the Company during the year. As stated in the resignation letter dtd. October 21, 2021 of the outgoing statutory auditors, the resignation was pursuant to the "Guidelines for Appointment of Statutory Central Auditors (SCAs)/ Statutory Auditors (SAs) of Commercial Banks (exclusing RRBs), UCBs and NBFCs (including HFCs)" issued by RBI on April 27, 2021. We note no issued, objections or concerns raised by the outgoing statutory auditors in their aforementioned letter.

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

xx. Since the Company does not have any ongoing projects and has spent more than the required amount to be spent for Corporate Social Responsibility during the year, the provisions of Clause 3(xx)(a) and (b) of said Order are not applicable to the company.

xxi. The reporting under clause 3(xxi) of the Order is not applicable in respect of audit of Standalone Financial Statements. Accordingly, no comment in respect of the said clause has been included in this report.

For A.T.Jain & Co.
Chartered Accountants
Firm Registration No: 103886W

A. T. JAIN & CO. MUMBAI-20 CHARTERED ACCOUNTANTS

Sushil T Jain
Partner
Membership No. : 033809
UDIN : 22033809AHQIUL6372

Date : April 18, 2022
Place : Mumbai

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT

[Referred to in paragraph 2(f) under the heading 'Report on Other Legal and Regulatory Requirements' in our Independent Auditor's Report of even date to the members of **Centrum Microcredit Limited** on the Ind AS financial statements for the year ended March 31, 2022]

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

We have audited the internal financial controls with reference to financial statements of **Centrum Microcredit Limited** ("the Company") as of March 31, 2022 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Board of Directors of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. 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 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing an evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, 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 internal financial controls system over financial reporting of the Company.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

A. T. JAIN & Co. MUMBAI-20 CHARTERED ACCOUNTANTS

(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 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 authorizations of management and directors of the company; and
(3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the standalone financial statements.

Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

Inouropinion,tothebestofourinformationandaccordingtotheexplanationsgiventous, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **M/s. A. T. Jain & Co.**
Chartered Accountants
FRN Number: 103886W

A. T. JAIN & CO. MUMBAI-20 CHARTERED ACCOUNTANTS

Sushil T Jain
Partner
Membership No. 033809
UDIN:- 22033809AHQIUL6372
Place: Mumbai
Date: April 18', 2022

Centrum Microcredit Limited

Balance Sheet as at 31 March 2022

(In accordance with Division II to Schedule III to the Companies Act, 2013)

Particulars	Note No.	As at 31 March 2022 ₹ in lakh
ASSETS		
Non-current assets		
Property, plant and equipment	2A	-
Right of use of Assets	2B	-
Goodwill	2C	-
Other Intangible assets	2D	-
Other Non-current assets	3	0.40
TOTAL NON-CURRENT ASSETS		**0.40**
Current assets		
Financial Assets		
i) Cash and cash equivalents	4	3.05
ii) Loans	5	11,175.65
TOTAL CURRENT ASSETS		**11,178.70**
TOTAL ASSETS		**11,179.10**
EQUITY AND LIABILITIES		
Equity		
Equity Share Capital	6	7,052.83
Other Equity	7	719.68
TOTAL EQUITY		**7,772.51**
Non-current Liabilities		
Financial Liabilities		
i)Borrowings	8A	3,000.00
ii)Other Financial Liabilities	8B	15.04
TOTAL NON-CURRENT LIABILITIES		**3,015.04**
Current Liabilities		
Financial Liabilities		
i) Borrowings	9	347.71
ii)Trade payables		
i) total outstanding dues of micro enterprises and small enterprises; and	10	
ii) total outstanding dues of creditors other than micro enterprises and small enterprises.	10	7.50
Current Tax Liabilities(Net)	11	36.34
TOTAL CURRENT LIABILITIES		**391.55**
TOTAL EQUITY AND LIABILITIES		**11,179.10**
Statement of significant accounting policies and other explanatory notes	1	

As per our report of even date
For A.T. Jain & Co.
Chartered Accountants
ICAI Firm Registration No.103886W

Sushil Jain
Partner
Membership No 033809

Mumbai
18 April 2022

A. T. JAIN & CO. MUMBAI-20 CHARTERED ACCOUNTANTS

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

Ranjan Ghosh
Director
DIN 07592235

Deepa Poncha
Director
DIN 01916512

Asit Hemani
Chief Financial Officer

Mamta Khatri
Company Secretary

Mumbai
18 April 2022

Mumbai
18 April 2022

Centrum Microcredit Limited

Balance Sheet as at 31 March 2021
(In accordance with Division III to Schedule III to the Companies Act, 2013)

Particulars	Note No.	As at 31 March 2021 ₹ in lakh
ASSETS		
Financial assets		
Cash and cash equivalents	12	3,037.31
Bank balances other than cash and cash equivalents above	13	2,107.04
Receivables	14	
(I) Trade receivables		9.53
(II) Other receivables		-
Loans	15	42,693.51
Other financial assets	16	184.06
TOTAL		48,031.45
Non-financial assets		
Current tax assets (net)	17	154.21
Property, plant and equipment	2A	94.00
Right of Use - Premises	2B	21.16
Goodwill	2C	2,501.35
Other intangible assets	2D	8.40
Other non-financial assets	18	75.72
TOTAL		2,854.84
TOTAL ASSETS		50,886.29
LIABILITIES AND EQUITY		
LIABILITIES		
Financial liabilities		
Payables		
(I)Trade payables		
(i) total outstanding dues of micro enterprises and small enterprises	19	5.14
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	19	123.83
(II)Other Payables		
(i) total outstanding dues of micro enterprises and small enterprises		-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		-
Debt securities	20	14,634.60
Borrowings (other than debt securities)	21	24,693.92
Subordinated liabilities	22	1,501.18
Other financial liabilities	23	1,884.18
TOTAL		42,842.85
Non-financial Liabilities		
Current tax liabilities (net)		-
Provisions	24	12.25
Deferred tax liabilities (net)	25	121.90
Other non-financial liabilities	26	77.47
TOTAL		211.62
EQUITY		
Equity share capital	6	7,052.83
Other equity	7	778.99
TOTAL		7,831.82
TOTAL LIABILITIES AND EQUITY		50,886.29

Statement of significant accounting policies and other explanatory notes | 1

As per our report of even date
For A.T. Jain & Co.
Chartered Accountants
ICAI Firm Registration No.103886W

Sushil Jain
Partner
Membership No 033809

Mumbai
18 April 2022

A.T. JAIN & CO. MUMBAI-20 CHARTERED ACCOUNTANTS

For and on behalf of Board of
Centrum Microcredit Limited

Ranjan Ghosh
Director
DIN 07592235

Deepa Poncha
Director
DIN 01916512

Asit Hemani
Chief Financial Officer

Manta Khabi
Company Secretary

Mumbai
18 April 2022

Mumbai
18 April 2022

Centrum Microcredit Limited

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

Particulars	Note No.	For the year ended March 31, 2022 ₹ in lakh	For the year ended March 31, 2021 ₹ in lakh
Other income	27	591.66	-
Total income		591.66	-
Expenses			
Finance costs	28	216.16	-
Impairment on financial instruments	29	3.35	-
Other expenses	30	12.80	-
Total expenses		232.31	-
Profit/(loss) before tax before exceptional items		359.35	-
Exceptional items		-	-
Profit/(loss) before tax		359.35	-
Tax expense:			
- Current tax	31	92.51	-
- Deferred tax		-	-
Total tax expense		92.51	-
Net Profit for the year from Continuing Operations		266.84	-
Profit before tax for the year from Discontinued Operations	32	(194.15)	130.08
Tax expense/ (credit) of Discontinued Operations			
- Current tax		3.00	60.31
- Deferred tax		-	(21.93)
- (Excess)/Short provision of earlier years		102.06	-
Total tax expense/ (credit) of Discontinued Operations		105.06	38.38
Net Profit for the year from Discontinued Operations		(299.21)	91.70
Net Profit/ (Loss) for the year		(32.36)	91.70
Other Comprehensive Income/ (expenses) - Continuing Operations			
- Items that will not be reclassified to profit or loss		-	-
- Items that will be reclassified to profit or loss		-	-
		-	-
Other Comprehensive Income/ (expenses) - Discontinued Operations			
Items that will not be reclassified to profit or loss			
- Remeasurements of post-employment benefit obligations		(15.07)	11.94
- Income tax relating to these items		3.79	(3.00)
Items that will be reclassified to profit or loss		-	-
Other comprehensive income/(loss) for the year		(11.28)	8.94
Total comprehensive income for the year		(43.65)	100.64
Earnings per equity share	33		
Face value of ₹10 per share			
- Basic (₹)*			
- From Continuing Operations		0.38	-
- From Discontinued Operations		(0.43)	0.13
- Diluted (₹)*			
- From Continuing Operations		0.35	-
- From Discontinued Operations		(0.43)	0.13
* Not annualised			
Total EPS (Continuing and Discontinued operations)			
- Basic (₹)		(0.05)	0.13
- Diluted (₹)		(0.05)	0.13

Note: The FY 2020-21 comparatives have been restated to consider the impact of discontinued operations in accordance with Ind AS 105 - Non Current Assets Held for Sale and Discontinued Operations.

Statement of significant accounting policies and other explanatory notes 1

As per our report of even date
For A.T. Jain & Co.
Chartered Accountants
ICAI Firm Registration No. 103886W

Sushil Jain
Partner
Membership No 033809

Mumbai
18 April 2022

A.T. JAIN & CO. MUMBAI-20 CHARTERED ACCOUNTANTS

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

Ranjan Ghosh
Director
DIN 07592235

Deepa Poncha
Director
DIN 01916512

Asit Hemani
Chief Financial Officer

Mamta Khatri
Company Secretary

Mumbai
18 April 2022

Mumbai
18 April 2022

Cash flow statement for the year ended 31st March, 2022

Particulars		For the year ended March 31, 2022	For the year ended March 31, 2021
		₹ in lakh	₹ in lakh
Cash flow from operating activities			
Profit/ (Loss) before tax from Continuing Operations		359.36	-
Profit/ (Loss) before tax from Discontinued Operations		(194.15)	130.08
Adjustments for :			
Depreciation and amortisation		40.44	62.38
Gain on slump sale		(390.53)	-
Gain on direct assignment		(122.38)	(341.98)
Impairment on financial instruments		36.81	983.33
Finance costs (excluding interest on lease liabilities)		3,970.90	5,612.79
Interest income		(5,694.89)	(9,686.54)
Bad debts written off		-	0.60
Loss on write off of fixed assets		1.78	0.38
Share based payments to employees		(32.18)	25.45
Net gain on financial instruments at fair value through profit & loss		(70.08)	(15.04)
Provision for gratuity		9.55	-
Stamp duty expenses incurred on increase in authorised share capital		-	4.77
Cash inflow from interest income		6,579.72	7,686.40
Cash outflow towards finance costs		(3,846.91)	(5,817.36)
Operating profit/(loss) before working capital changes		657.54	(1,354.19)
Changes in working capital :			
Increase/(decrease) in trade payables		(81.19)	26.94
Increase/(decrease) in other financial liabilities		(304.82)	1,483.38
Increase/(decrease) in provisions		(21.90)	(8.52)
Increase/(decrease) in other non-financial liabilities		(88.04)	(20.03)
(Increase)/decrease in fixed deposits(net)		241.55	142.43
(Increase)/decrease in loans(net)		(18,263.71)	3,204.44
(Increase)/decrease in trade receivables		(33.94)	5.44
(Increase)/decrease in other financial assets		(887.75)	57.74
(Increase)/decrease in other non-financial assets		23.76	(10.06)
Cash used in operating activities before tax		(18,488.31)	3,524.17
Income taxes paid (net)		(152.11)	(105.84)
Net cash generated from/(used in) operating activities	(A)	(18,640.42)	3,418.32
Cash flows from investing activities			
Consideration received on slump sale		11,000.00	-
Interest income on ICDs		532.50	-
Proceeds from sale of investments		46,704.14	9,014.59
Purchase of investments		(46,634.06)	(8,999.55)
Purchase of property, plant and equipment		(22.38)	(25.34)
Purchase of intangible assets		(1.00)	(2.02)
Net cash flows generated from/(used in) investing activities	(B)	11,579.19	(12.39)
Cash flows from financing activities			
Stamp duty expenses incurred on increase in authorised share capital		-	(4.77)
Payment of lease liabilities		(7.88)	(19.80)
Interest paid on CCDs		(344.59)	-
Proceeds from borrowings(other than debt securities), debt securities and subordinated liabilities		42,825.98	26,189.54
Repayment of borrowings(other than debt securities), debt securities and subordinated liabilities		(20,933.97)	(27,602.83)
Net cash flows generated from/(used in) financing activities	(C)	21,539.53	(1,437.68)
Net increase/ (decrease) in cash and cash equivalents during the year (A + B + C)		14,478.30	1,968.26
Cash and cash equivalents at the beginning of the year		2,533.74	565.39
Less : Balance transferred through slump sale		(17,008.98)	-
Cash and cash equivalents at the end of the year (refer note I)		3.05	2,533.74

Notes:

(I) Components of cash and cash equivalents

(₹ in lakh)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Cash and bank balances (refer note 4 & 12)	3.05	3,037.31
Less : Bank overdraft (refer note 21)	-	(503.58)
Total	3.05	2,533.74

(II) Non-cash investing activity (₹ in lakh)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Impact of fair valuation on net assets acquired through business combination	-	-
Acquisition of right of use assets (refer note 2)	-	19.38
Total	-	19.38

(III) Net cash provided by / (used in) operating activities includes: (₹ in lakh)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Interest received	6,579.72	7,686.40
Interest paid	(3,846.91)	(5,817.36)

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

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

As per our report of even date
For A. T. Jain & Co. LLP
Chartered Accountants
ICAI Firm Registration No 103886W

Sushil Jain
Partner
Membership No 033809

Mumbai
18 April 2022

A. T. JAIN & CO. MUMBAI-20 CHARTERED ACCOUNTANTS

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

Ranjan Ghosh
Director
DIN 07592235

Deepa Poncha
Director
DIN 01916512

Asit Hemani
Chief Financial Officer

Mamta Khatri
Company Secretary

Mumbai
18 April 2022

Mumbai
18 April 2022

Centrum Microcredit Limited

Statement of changes in equity for the year ended 31st March, 2022

A. Equity share capital

As at 31 March 2022

Particulars	Number of shares (in lakh)	(₹ in Lakh)
Balance As at 1st April, 2021	705.28	7,052.83
Changes in Equity Share Capital due to prior period errors	-	-
Restated balance As at 1st April, 2021	705.28	7,052.83
Changes in equity share capital during the current year	-	-
Balance As at 31st March, 2022	705.28	7,052.83

As at 31 March 2021

Particulars	Number of shares (in lakh)	(₹ in Lakh)
Balance As at 1st April, 2020	705.28	7,052.83
Changes in Equity Share Capital due to prior period errors	-	-
Restated balance As at 1st April, 2020	705.28	7,052.83
Changes in equity share capital during the current year	-	-
Balance As at 31st March, 2021	705.28	7,052.83

B. Other equity

(₹ in Lakh)

Particulars	Equity Component of Compound Financial Instrument	Reserves and surplus					Total
		Statutory reserve	Capital contribution	Impairment Reserve	Employees' stock options outstanding	Retained earnings	
Balance as at 01st April, 2020	-	122.48	30.44	89.01	6.73	28.73	277.39
Changes in accounting policy/prior period errors	-	-	-	-	-	-	-
Restated balance at the beginning of the current reporting period	-	-	-	-	-	-	-
Profit/(loss) for the year	-	-	-	-	-	91.70	91.70
Other comprehensive income/(loss),net of Income tax	-	-	-	-	-	8.94	8.94
Total comprehensive income/(loss) for the year	-	-	-	-	-	100.65	100.64
Dividends	-	-	-	-	-	-	-
Transfered to / (from) (Refer note 7 - Other Equity)	375.38	18.34	0.13	-	25.45	(18.34)	400.96
Balance as at 31st March, 2021	375.38	140.82	30.57	89.01	32.18	111.03	779.00
Balance as at 01st April, 2021	375.38	140.82	30.57	89.01	32.18	111.03	779.00
Changes in accounting policy/prior period errors	-	-	-	-	-	-	-
Restated balance at the beginning of the current reporting period	-	-	-	-	-	-	-
Profit/(loss) for the year	-	-	-	-	-	(32.36)	(32.36)
Other comprehensive income/(loss),net of Income tax	-	-	-	-	-	(11.28)	(11.28)
Total comprehensive income/(loss) for the year	-	-	-	-	-	(43.64)	(43.64)
Dividends	-	-	-	-	-	-	-
Transfered to / (from) (Refer note 7 - Other Equity)	-	(140.82)	(30.57)	(89.01)	(32.18)	276.91	(15.68)
Balance as at 31st March, 2022	375.38	-	-	-	-	344.30	719.68

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

As per our report of even date
For A.T. Jain & Co.
Chartered Accountants
ICAI Firm Registration No. 103886W

Sushil Jain
Partner
Membership No 033809

Mumbai
18 April 2022

A.T. JAIN & CO. MUMBAI-20 CHARTERED ACCOUNTANTS

For and on behalf of Board of Directors of
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Chief Financial Officer

Mamta Khatri
Company Secretary

Mumbai
18 April 2022

Mumbai
18 April 2022

Centrum Microcredit Limited

Notes to the financial statements for the year ended March 31, 2022

1.SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31ST MARCH, 2022

Company Overview

Centrum Microcredit Limited ('the Company') was incorporated on 31st August, 2016 under the provisions of the Companies Act, 2013. The Company obtained registration with the Reserve Bank of India ('RBI') on 9th October, 2017 as a non-deposit taking Non-Banking Finance Company ('NBFC-ND') and got classified as a Non-Banking Financial Company – Micro Finance Institution ('NBFC-MFI') with effect from 9th October, 2017. The Company was engaged primarily in providing microfinance to women in rural and urban areas of India who are enrolled as members and organized as Joint Liability Groups ('JLG'), where each member of the group guarantees the loan repayment of other members of the group. The Company had operations spread across 135 branches in 9 States of Maharashtra, Gujarat, Odisha, Bihar, Chhattisgarh, Haryana, Jharkhand, Rajasthan and West Bengal till 31st October, 2021.

The Company's registration number under MCA is U67100MH2016PLC285378.

RBI vide its letter dated 12 October 2021, granted a licence to Centrum Financial Services Limited, an associate company of the Company to establish a small finance bank (SFB). One of the licensing conditions was that the Company shall surrender its NBFC-MFI licence on or before the date of commencement of business by Unity Small Finance Bank Limited.

Pursuant to the above, the Company transferred its lending business to Unity Small Finance Bank Limited as a going concern by way of a slump sale on 1 November 2021. Unity Small Finance Bank Limited commenced business operations w.e.f. 1 November 2021. Pursuant to the above, the Company discontinued its lending business and subsequently applied for cancellation of Certificate of Registration (CoR) to the Reserve Bank of India (RBI) on 17 January 2022.

The Company has also applied to the National Company Law Tribunal (NCTL) for its amalgamation with the holding company Centrum Capital Limited (CCL).

Significant accounting policies

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

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

The financial statements for the year ended 31st March, 2022 of the Company are prepared in compliance with Ind AS.

b. Basis of preparation

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

A. T. JAIN & CO. MUMBAI-20 CHARTERED ACCOUNTANTS

Centrum Microcredit Limited Mumbai

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

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

c. Presentation of financial statements

The Company has discontinued its lending business w.e.f. 1 November 2021 and has applied to RBI for surrender of its NBFC licence. The Company has also jointly applied to the National Company Law Tribunal (NCLT) for amalgamation with its holding company, Centrum Capital Limited. Therefore, for the financial year ended 31 March 2022, the Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in the Division II to Schedule III to the Companies Act, 2013 ("the Act") applicable for other than Non- Banking Finance Companies ("NBFC") that are required to comply with Ind AS.

Since during the financial year ended 31 March 2021 and as at 31 March 2021, the Company was holding an NBFC licence, the Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in the Division III to Schedule III to the Companies Act, 2013 ("the Act") applicable for Non- Banking Finance Companies ("NBFC") that are required to comply with Ind AS.

The statement of cash flows has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash Flows". The disclosure requirements with respect to items in the balance sheet and statement of profit and loss as prescribed in the Schedule III to the Act are presented by way of notes forming part of the financial statements along with the other notes required to be disclosed under the notified Ind AS.

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

d. Business combination

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

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their acquisition-date fair values. Goodwill is measured as excess of the aggregate of the fair value of the consideration transferred, the amount recognised for non-controlling interests and fair value of any previous interest held, over the fair value of the net of identifiable assets acquired and liabilities assumed. If the fair value of the net of identifiable assets acquired and liabilities assumed is in excess of the aggregate mentioned above, the resulting gain on bargain purchase is recognised in other comprehensive income (OCI) and

A. T. JAIN & CO. MUMBAI-20 CHARTERED ACCOUNTANTS

Centrum Microcredit Limited Mumbai

accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve without routing the same through other comprehensive income.

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

e. Assets Classified as Held For Sale and Discontinued operations

Accounting Policy
Non-current assets or disposal group are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset or disposal Group is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such asset or disposal Group and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. As at each balance sheet date, the management reviews the appropriateness of such classification.

Non-current assets or disposal group classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Property, plant and equipment and intangible assets once classified as held for sale/distribution to owners are not depreciated or amortised.

A disposal Group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- represents a separate major line of business or geographical area of operations,
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the Ind AS statement of profit and loss. Additional disclosures are provided hereunder. All other notes to the financial statements mainly include amounts for continuing operations, unless otherwise mentioned.

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

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

A. T. JAIN & CO. MUMBAI-20 CHARTERED ACCOUNTANTS

Centrum Microcredit Limited Mumbai

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

g. Capital work-in-progress

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

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

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

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

h. Intangible assets

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

A.T. JAIN & CO. MUMBAI-20 CHARTERED ACCOUNTANTS

Centrum Microcredit Limited Mumbai

Centrum Microcredit Limited

Notes to the financial statements for the year ended March 31, 2022

i. **Intangible assets under development**

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

j. **Impairment of non-financial assets**

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

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

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

k. **Revenue recognition**

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

Interest and processing fee income on loans

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

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

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

A. T. JAIN & CO. MUMBAI-20 CHARTERED ACCOUNTANTS

Centrum Microcredit Limited Mumbai

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

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

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

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

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

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

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

I. Leases

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

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

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

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

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

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

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

The Company as a lessor

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

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

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

Current versus non-current classification as at 31 March 2022

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:
- expected to be realised or intended to be sold or consumed in normal operating cycle,
- held primarily for the purpose of trading,
- expected to be realised within twelve months after the reporting period, or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:
- it is expected to be settled in normal operating cycle,
- it is held primarily for the purpose of trading,
- it is due to be settled within twelve months after the reporting period, or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

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The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.
The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

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

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

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

Financial assets
Classification and subsequent measurement
Financial assets are classified into three categories:
• fair value through profit or loss (FVTPL);
• fair value through other comprehensive income (FVOCI); or
• amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms including contractual cash flows.
For debt instruments, classification will depend on the business model in which the debt is held.
For equity instruments, classification will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The classification requirements of financial assets are described below:

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

Business model: The business model reflects how the Company manages the assets in order to generate cash flows. That is, whether the Company's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows from the sale of asset. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVTPL. Factors considered by the Company in determining the business model for the Company of assets include past experience on how the cash flows for these assets were collected, how risks are assessed and managed. Securities held for trading are held principally for the purpose of selling

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in the near term or are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. These securities are classified in the 'other' business model and measured at FVTPL. The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account.

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

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

Amortised cost: Financial assets that are held for collection of contractual cash flows where business model of those cash flows represents solely payment of principal and interest ('SPPI'), and that are not designated at FVTPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured as described in note 39. Interest income from these financial assets are recognised using the effective interest rate method.

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

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

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

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

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Investments in subsidiaries, associates and joint ventures

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

Impairment of financial assets

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

The measurement of ECL reflects:

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

The method and significant judgments used while computing the expected credit losses and information about the exposure at default, probability of default and loss given default have been set out in note 39.

Write-off policy

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

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

Derecognition of financial assets

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

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

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

o. Cash and cash equivalents

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

p. Borrowing Costs

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

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its intended use or sale. All other borrowing costs are recognized in the statement of profit and loss in the period in which they are incurred.

q. Foreign exchange transactions and translations

Initial recognition

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

Conversion

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

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

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

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

r. Retirement and other employee benefits

Defined Contribution Plan

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

Defined Benefit Plan

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

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

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Long term compensated absences

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

s. Income tax

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

Current tax

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

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

Deferred tax

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

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

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

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

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

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

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

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

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

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

t. Provisions, contingent liabilities and contingent assets

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

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

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

u. Earnings per share

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

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

Significant accounting judgments, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities, the accompanying disclosures including the disclosure of contingent liabilities.

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Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances existing when the financial statements were prepared. The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates is recognised in the year in which the estimates are revised and in any future year affected.

Judgments

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

- *Fair value measurement of financial instruments*

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

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

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

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

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

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

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

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

Probability of Default (PD)

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

mLoss Given Default (LGD)

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

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Exposure at Default (EAD)
EAD is based on the amounts the Company expects to be owed at the time of default. Forward-looking economic information (including management overlay) is included in determining the 12-month and lifetime PD, EAD and LGD. The assumptions underlying the expected credit loss are monitored and reviewed on an ongoing basis. In respect of trade receivables, the Company applies the simplified approach of Ind AS 109 – Financial Instruments, which requires measurement of loss allowance at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of trade receivables. For further details about assumptions used in calculating the expected credit losses and the sensitivity of assumptions refer note 39.

- ***Business model assessment***

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

- ***Income taxes***

Significant judgments are involved in estimating budgeted profits for the purpose of paying advance tax, determining the provision for income taxes, including amount expected to be paid/ recovered for uncertain tax positions. For further details refer note 31.

- ***Provisions and contingencies***

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

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

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

The cost of the gratuity and long-term employee benefits and the present value of its obligations are determined using actuarial valuation. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the future salary increases, attrition rate, mortality rates and discount rate. Due to

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the complexities involved in the valuation and its long-term nature, the obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

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

Further details about gratuity and long-term employee benefits obligations are provided in note 36.

- ***Share based payments***

The Company has formulated a CML Employee Incentive Plan. The fair value of the options granted under the Plan is recognised as an employee benefits expense with a corresponding increase in other equity. The total amount to be expensed is determined by reference to the fair value of the options. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in the statement of profit and loss, with a corresponding adjustment to equity. For a detailed disclosure refer note 38.

- ***Effective interest rate***

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

Recent Accounting Developments

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from 1st April, 2022.

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

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Notes to the financial statements for the year ended 31 March 2022

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

(₹ in lakh)

Particulars	2A - Property, plant and equipment (at cost)					2B - Right of Use assets		2C - Goodwill		2D - Other Intangible Assets	
	Computers and accessories	Furniture and fixtures	Office equipments	Car	Total	Premises	Total	Goodwill	Total	Other Intangible Assets - Software license	Total
Gross Carrying Amount at cost											
As at 01 April 2020	140.62	42.56	23.52	36.39	243.09	112.61	112.61	2,501.35	2,501.35	15.02	15.02
Additions	4.28	0.70	0.98	-	5.96	19.38	19.38	-	-	2.02	2.02
Disposals and transfers	-	-	-	-	-	-	-	-	-	-	-
As at 31 March 2021	144.90	43.26	24.50	36.39	249.05	132.00	132.00	2,501.35	2,501.35	17.03	17.03
Accumulated depreciation											
As at 01 April 2020	57.01	29.36	6.39	3.05	95.81	92.72	92.72	-	-	3.26	3.26
Depreciation charged for the year	48.28	1.50	4.54	4.55	58.86	18.12	18.12	-	-	5.38	5.38
Disposals and transfers	-	0.38	-	-	0.38	-	-	-	-	-	-
Closing accumulated depreciation and amortisation	105.29	31.24	10.93	7.60	155.05	110.84	110.84	-	-	8.63	8.63
Net carrying amount as at 31 March 2021	39.61	12.02	13.57	28.79	94.00	21.16	21.16	2,501.35	2,501.35	8.40	8.40
Gross Carrying Amount at cost											
As at 31 March 2021	144.90	43.26	24.50	36.39	249.05	132.00	132.00	2,501.35	2,501.35	17.03	17.03
Additions	16.24	3.96	2.61	-	22.80	-	-	-	-	0.59	0.59
Disposals and transfers/other adjustment	-	-	-	-	-	-	-	-	-	(2.60)	(2.60)
Transferred through slump sale	(161.14)	(47.22)	(27.10)	(36.39)	(271.85)	(132.00)	(132.00)	(2,501.35)	(2,501.35)	(15.02)	(15.02)
As at 31 March 2022	-	-	-	-	-	-	-	-	-	-	-
Accumulated depreciation											
As at 31 March 2021	105.29	31.24	10.93	7.60	155.05	110.84	110.84	-	-	8.63	8.63
Depreciation charged for the year	22.04	1.41	3.33	2.67	29.45	7.61	7.61	-	-	3.38	3.38
Disposals and transfers/other adjustment	-	-	-	-	-	-	-	-	-	(0.82)	(0.82)
Transferred through slump sale	(127.33)	(32.66)	(14.26)	(10.27)	(184.50)	(118.45)	(118.45)	-	-	(11.20)	(11.20)
Closing accumulated depreciation and amortisation	-	-	-	-	-	-	-	-	-	-	-
Net carrying amount as at 31 March 2022	-	-	-	-	-	-	-	-	-	-	-

Particulars	For the year ended March 31, 2022*	For the year ended March 31, 2021
	₹ in lakh	₹ in lakh
Depreciation on tangible assets	29.45	58.86
Amortisation of intangible assets	3.38	5.38
Depreciation on right of use assets	7.61	18.12
TOTAL	40.44	82.37

Note:
* The amount represents depreciation and amortisation till 31 October 2021 since the assets were transferred via slump sale on 1 November 2021.
None of the above assets are pledged as security towards any liability.

3 Other Non-current assets

Particulars	As at 31 March 2022 ₹ in lakh
Balances with government authorities	0.40
TOTAL	0.40

4 Cash and cash equivalents

Particulars	As at 31 March 2022 ₹ in lakh
Balances with banks:	
- In current accounts	3.06
TOTAL	3.06

5 Loans

Particulars	As at 31 March 2022
	Amortised Cost (₹ in lakh)
Unsecured, considered good, within India	
Inter-corporate deposit to related parties	11,179.00
Total Loans	**11,179.00**
(Less): Impairment loss allowance	
- Impairment loss allowance	(3.35)
Loans	11,175.65

Note - There are no loans to related parties repayable on demand or without any terms or period of repayments

8A Borrowings

Particulars	As at 31 March 2022
	Amortised Cost ₹ in lakh
Unsecured	
Compulsorily convertible debentures	2,500.00
Non-convertible redeemable cumulative Preference Shares	515.04
Less : Interest accrued but not due	(15.04)
TOTAL	3,000.00

8B Other Financial Liabilities

Particulars	As at 31 March 2022
	Amortised Cost ₹ in lakh
Interest accrued but not due	15.04
TOTAL	15.04

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

Tenure (from the date of the Balance Sheet)	Rate of Interest	Repayment details	As at 31 March 2022
13-24 months	15%	Refer Note below	1,500.00

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

Tenure (from the date of the Balance Sheet)	Rate of Interest	Repayment details	As at 31 March 2022
25-36 months	15%	Refer Note below	500.00

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

Tenure (from the date of the Balance Sheet)	Rate of Interest	Repayment details	As at 31 March 2022
37-48 months	15%	Refer Note below	500.00

Note:
Conversion event (for all series of compulsorily convertible debentures mentioned above) is:
The earlier of:
(a) Expiry of the tenor of the compulsorily convertible debentures; or
(b) At the option of the holder of the compulsorily convertible debentures by issuing a notice of 7 (seven) working days to the Company.

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Terms of repayment - Non-convertible redeemable cumulative preference shares (₹ in lakh)

Tenure (from the date of the Balance Sheet)	Rate of Dividend	Repayment details	As at 31 March 2022
37-48 months	15%	Bullet	500.00
Add: Interest accrued but not due on subordinated liability			15.04
			515.04

During the year ended March 31, 2021, the Company had issued 15% non-convertible redeemable cumulative preference shares (NCRCPS) amounting to ₹ 500 lakh (50,00,000 shares at face value of ₹10 each) redeemable at the end of five years from the date of allotment. Dividend is payable annually at 15% p.a. on the face value of NCRCPS on a pro-rata basis. Dividend if not paid will be cumulative in nature. Redemption premium is fixed at 3% p.a. payable at the time of redemption yielding 16% IRR to the investor.

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

9 **Borrowings**

Particulars	As at 31 March 2022 Amortised Cost ₹ in lakh
Unsecured	
Compulsorily convertible debentures	300.00
Liability Component of compulsorily convertible debentures	47.71
	347.71

Compulsorily convertible debentures- Series-I

Tenure (from the date of the Balance Sheet)	Rate of Interest	Repayment details	As at 31 March 2022
upto 12 months	15%	Refer Note below	300.00

Note:
Conversion event (for all series of compulsorily convertible debentures mentioned above) is:
The earlier of:
(a) Expiry of the tenor of the compulsorily convertible debentures; or
(b) At the option of the holder of the compulsorily convertible debentures by issuing a notice of 7 (seven) working days to the Company.

Liability Component of compulsorily convertible debentures (₹ in lakh)

Tenure (from the date of the Balance Sheet)	Rate of Interest	Repayment details	As at 31 March 2022
upto 12 months	15%	Refer Note below	47.71

During the year ended 31 March, 2021, the Company had issued Compound Financial Instruments amounting to ₹ 500 lakh at 15% interest payable quarterly for a tenure of 5 years which includes a liability component and an equity component. The instrument shall be converted into equity at the end of the tenure i.e.5 years from the date of allotment. The equity component has been shown under other equity amounting to ₹375.38 lakh and the liability component amounting to ₹107.77 lakh has been shown in note no.20. The corresponding amount as on 31 March 2022 was ₹ 47.71 lakh.

10 **i)Trade payables**

Particulars	As at March 31, 2021 ₹ in lakh
(Unsecured, considered good, within India)	
(i) total outstanding dues of micro enterprises and small enterprises (refer note 46 - Micro,small and medium enterprise)	
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	7.50
Total	7.50

Ageing of Trade Payables

Particulars	As at March 31, 2022 (₹ in lakh) Less than 1 year
a) MSME (Refer note 46)	-
b)Others	
(i) Due to related parties	-
(ii) Due to others	7.50
c)Disputed dues MSMEs	-
d)Disputed dues Others	-
Total	7.50

11 **Current tax liabilities (net)**

Particulars	As at 31 March 2022 ₹ in lakh
Provision for income tax (Net of advance tax for 31st March, 2022 : 59.17 lakh)	36.34
TOTAL	36.34

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6 Equity/Preference share capital

Particulars	As at 31 March 2022 ₹ in lakh	As at 31 March 2021 ₹ in lakh
Authorised		
85,000,000 equity shares of ₹ 10 each	8,500	8,500
50,10,000 preference shares of ₹ 10 each	501	501
Total authorised share capital	**9,001**	**9,001**
Issued, subscribed and fully paid-up		
70,528,306 equity shares of Rs 10 each fully paid up	7,052.83	7,052.83
Out of the above, 70,528,306 equity shares were held by the holding Company Centrum Capital Limited		
Total issued, subscribed and fully paid up share capital	**7,052.83**	**7,052.83**

a) Reconciliation of number and amount of shares outstanding:

Particulars	31 March 2022		31 March 2021	
	Number in lakh	₹ in lakh	Number in lakh	₹ in lakh
Equity shares				
Shares outstanding at the beginning of the year	705.28	7,052.83	705.28	7,052.83
Shares issued during the year	-	-	-	-
Shares outstanding at the end of the year	**705.28**	**7,052.83**	**705.28**	**7,052.83**

b) Terms / rights attached to each class of shares

Equity shares

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

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

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

Equity shareholders	As at 31st March, 2022		As at 31st March, 2021	
	No. of equity shares held (in lakh)	% holding	No. of equity shares held (in lakh)	% holding
Centrum Capital Ltd, the Holding Company	705.28	100%	705.28	100%

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

D) Shares held by the promoter at end of the year

Promoter Name	As at 31st March, 2022		% change during the year	As at 31st March, 2021		% change during the year
	No. of shares (in lakh)	% of total shares		No. of shares (in lakh)	% of total shares	
Centrum Capital Ltd	705.28	100%	-	705.28	100%	-

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

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

Name of Shareholder	As at 31st March, 2022		As at 31st March, 2021	
	No. of equity shares held (in lakh)	% of holding	No. of equity shares held (in lakh)	% of holding
Centrum Capital Ltd , the Holding Company	705.28	100%	705.28	100%
Total	**705.28**	**100.00%**	**705.28**	**100.00%**

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

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7 **Other equity**

(₹ in lakh)

Particulars	Equity Component of Compound Financial Instrument	Reserves and surplus					Total
		Statutory reserve	Capital contribution	Impairment reserve	Employees' stock options outstanding	Retained earnings	
Balance as at 01st April, 2020	-	122.48	30.44	89.01	6.73	28.73	277.39
Changes in accounting policy/prior period errors	-	-	-	-	-	-	-
Restated balance at the beginning of the current reporting period	-	-	-	-	-	-	-
Profit/(loss) for the year	-	-	-	-	-	91.70	91.70
Other comprehensive income/(loss) net of income tax	-	-	-	-	-	8.94	8.94
Total comprehensive income/(loss) for the year	-	-	-	-	-	100.65	100.65
Dividends	-	-	-	-	-	-	-
Transferred to / (from)	375.38	18.34	0.13	-	25.45	(18.35)	400.96
Balance as at 31st March, 2021	375.38	140.82	30.57	89.01	32.18	111.03	779.00
Balance as at 01st April, 2021	375.38	140.82	30.57	89.01	32.18	111.03	779.00
Changes in accounting policy/prior period errors	-	-	-	-	-	-	-
Restated balance at the beginning of the current reporting period	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	-	(32.36)	(32.36)
Other comprehensive income/(loss),net of income tax	-	-	-	-	-	(11.28)	(11.28)
Total comprehensive income/(loss) for the year	-	-	-	-	-	(43.64)	(43.64)
Dividends	-	-	-	-	-		-
Transferred to / from	-	(140.82)	(30.57)	(89.01)	(32.18)	276.91	(15.68)
Balance as at 31st March, 2022	375.38	-	-	-	-	344.30	719.68

Nature of reserves

a) **Equity Component of Compound Financial Instrument**

The Company had issued Compound Financial Instruments amounting to ₹ 500 lakh which includes a liability component and an equity component. The equity component has been shown above and the liability component has been shown in note no.9.

b) **Statutory Reserve**

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

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

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

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

Since the lending business has been transferred and the Company is no longer involved in the NBFC business, therefore, the remaining balance in the statutory reserve has been transferred to retained earnings. For details refer note 34.

c) **Capital Contribution**

The holding Company has issued some corporate guarantees to lenders on behalf of the Company. These guarantees are fair valued and the notional cost thereof has been adjusted with the borrowings with the corresponding impact recognised as capital contribution. Pursuant to the Business Transfer Agreement (BTA), since the underlying borrowings and debt securities have been transferred to Unity Small Finance Bank Limited (USFB), therefore, the balance in Capital Contribution has been transferred to Retained Earnings. Refer note 34.

d) **Retained Earnings**

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

e) **Employees' stock options outstanding**

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

During the year ended 31 March 2022, all the grants were forfeited due to non-fulfilment of vesting conditions. The Company also rescinded the ESOP plan and schemes. In lieu of the same, the balance in the ESOP reserve has been transferred to the Profit & Loss Account in accordance with Ind AS 102: Share-based Payment.

f) **Impairment reserve**

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

Since the lending business has been transferred and the Company is no longer involved in the NBFC business, therefore, the remaining balance in the impairment reserve has been transferred to the retained earnings. For details refer note 34.

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12 Cash and cash equivalents

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

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

13 Bank balances other than cash and cash equivalents above

Particulars	As at 31 March 2021 ₹ in lakh
Deposits with banks/ financial institutions having original maturity more than three months (including interest accrued thereon)	59.92
Deposits with banks/ financial institutions to the extent held as credit enhancement for loans or security against the borrowings	2,049.83
Less: Impairment loss allowance	(1.91)
TOTAL	2,107.84

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

The nature of balances in deposit accounts is as follows:

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

Reconciliation of impairment loss allowance on deposit balance ₹ in lakh

As at 31 March 2021	Exposure at default	Expected probability of default	Expected credit losses	Carrying amount net of impairment provision
Cash and cash equivalents				
- In deposit accounts(including interest accrued thereon) having original maturity less than three months	900.07	-	-	900.07
Bank balance other than cash and cash equivalents above				
Deposits with banks/ financial institutions having original maturity more than three months (including interest accrued thereon)	59.92	0.00% - 0.91%	0.25	59.67
Balances with banks/financial institutions to the extent held as credit enhancement for loans or security against the borrowings	2,049.83	0.00% - 0.91%	1.66	2,047.37

14 Trade and other receivables

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

Ageing of trade receivable

Particulars	As at March 31, 2021 ₹ in lakh					
	Less than 6 Months	6 months - 1 Year	1 - 2 Years	2 - 3 Years	More than 3 Years	Total
Undisputed Trade Receivables considered good	9.53	-	-	-	-	9.53
Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-
Undisputed Trade Receivables - Credit impaired	-	-	-	-	-	-
Disputed Trade Receivables considered good	-	-	-	-	-	-
Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-
Disputed Trade Receivables - Credit impaired	-	-	-	-	-	-
Total	9.53	-	-	-	-	9.53
Less: Allowance for expected credit losses	-	-	-	-	-	-
Total	9.53	-	-	-	-	9.53

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

Trade receivables days past due

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

16 Loans

Particulars	As at 31 March 2021 Amortised Cost (₹ in lakh)
Unsecured, considered good, within India	
Loans	43,485.18
Others	
Assigned Loans from a related party	136.04
-	-
Total Loans	**43,621.22**
(Less): Impairment loss allowance	
- Impairment loss allowance	(927.71)
Loans	42,693.51

Credit Quality of Assets

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

(₹ in lakh)

Particulars	31 March 2021			
	Stage 1	Stage 2	Stage 3	TOTAL
Standard	41,053.38	2,170.88	-	43,224.26
Sub-standard	-	-	292.60	292.60
Doubtful	-	-	104.36	104.36
Loss Assets	-	-	-	-
TOTAL	41,053.38	2,170.88	396.96	43,621.22

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

* Assets originated represents the disbursements made during the year.

(₹ in lakh)

Particulars	Stage 1	Stage 2	Stage 3
Gross carrying amount as at April 1, 2020	44,507.46	48.04	119.46
Assets originated*	24,664.57	-	-
Net transfer between stages			
Transfer to stage 1	2.90	(1.57)	(1.33)
Transfer to stage 2	(2,160.06)	2,160.06	-
Transfer to stage 3	(249.39)	(34.94)	284.32
Assets derecognised or collected (including death cases/preclosure cases)	(25,712.09)	(0.73)	(4.89)
Amounts written-off	-	-	(0.60)
Gross carrying amount as at 31st March, 2021	41,053.38	2,170.87	396.96

* Assets originated represents the disbursements made during the year.

Reconciliation of ECL balance is given below:

(₹ in lakh)

Particulars	31 March 2021			
	Stage 1	Stage 2	Stage 3	TOTAL
ECL provision at the beginning of the year	237.79	0.25	117.34	355.38
Add: ECL provision during the year	329.41	28.38	215.14	572.93
Less: Write-offs during the year	-	-	(0.60)	(0.60)
Less: Amounts transferred through slump sale	-	-	-	-
ECL provision at the end of the year	567.20	28.63	331.88	927.71

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16 **Other financial assets**

Particulars	As at 31 March 2021 ₹ in lakh
Security deposits	74.74
Other receivables	105.25
Less: Impairment loss allowance	-
Other Advances	4.07
TOTAL	184.06

Reconciliation of impairment loss allowance

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

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

17 **Current tax assets (net)**

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

18 **Other non-financial assets**

Particulars	As at 31 March 2021 ₹ in lakh
Balances with government authorities	50.58
Prepaid expenses	25.14
TOTAL	75.72

19 **Payables**

Particulars	As at March 31, 2021 ₹ in lakh
(Unsecured, considered good, within India)	
(I)Trade Payables	
(i) total outstanding dues of micro enterprises and small enterprises (refer note 46 - Micro,small and medium enterprise)	5.14
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	123.83
TOTAL	128.97

Ageing of Payables

Particulars	As at March 31, 2021 (₹ in lakh)				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
a) MSME (Refer note 46)	5.14	-	-	-	5.14
b)Others					-
(i) Due to related parties	11.57	-	-	-	11.57
(ii) Due to others	112.26	-	-	-	112.26
c)Disputed dues MSMEs	-	-	-	-	-
d)Disputed dues Others	-	-	-	-	-
Total	128.97	-	-	-	128.97

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20 Debt securities

Particulars	As at 31 March 2021
	Amortised Cost ₹ in lakh
Debentures and bonds, considered good, within India	
Secured-Unlisted	
Non-convertible debentures (Series I)	401.66
Non-convertible debentures (Series II)	3,949.69
Non convertible debentures - Women's Livelihood Bond	3,971.58
Non convertible debentures	781.50
Interest accrued but not due on non-convertible debentures	180.90
Secured-Listed	
Non convertible debentures- Partial Credit Guarantee Scheme	1,465.21
Interest accrued but not due on non-convertible debentures	0.47
Unsecured	
Compulsorily convertible debentures	2,800.00
Liability Component of compulsorily convertible debentures	107.77
Commercial Paper	975.82
TOTAL	14,634.69

Terms of repayment

Non-convertible debentures (Series I)

(₹ in lakh)

Tenure (from the date of the Balance Sheet)	Rate of Interest	Repayment details	As at 31 March 2021
upto 12 months	12%	Quarterly	402.00
			402.00
Less: Effective interest rate adjustment			(0.34)
TOTAL			401.66
Add: Interest accrued but not due on non-convertible debentures			10.75
			412.41

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

Non-convertible debentures (Series II)

(₹ in lakh)

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

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

Non convertible debentures - Women's Livelihood Bond

(₹ in lakh)

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

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

Non convertible debentures

(₹ in lakh)

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

Nature of security

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

Note : Repayment shall be as follows

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

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Non convertible debentures- Partial Credit Guarantee Scheme

(₹ in lakh)

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

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

Compulsorily convertible debentures- Series-I

(₹ in lakh)

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

Compulsorily convertible debentures- Series-III

(₹ in lakh)

Tenure (from the date of the Balance Sheet)	Rate of Interest	Repayment details	As at 31 March 2021
25-36 months	15%	Refer Note below	1,500.00
13-24 months	15%	Refer Note below	-
			1,500.00
Less: Effective interest rate adjustment			-
TOTAL			1,500.00
Add: Interest accrued but not due on compulsorily convertible debentures			-
			1,500.00

Compulsorily convertible debentures- Series-IV

(₹ in lakh)

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

Compulsorily convertible debentures- Series-V

(₹ in lakh)

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

Conversion event (for all series of compulsorily convertible debentures mentioned above) is:
The earlier of:
(a) Expiry of the tenor of the compulsorily convertible debentures; or
(b) At the option of the holder of the compulsorily convertible debentures by issuing a notice of 7 (seven) working days to the Company

Liability Component of compulsorily convertible debentures

(₹ in lakh)

Tenure (from the date of the Balance Sheet)	Rate of Interest	Repayment details	As at 31 March 2021
49-60 months 37-48 months	15%	To be converted into equity at the end of 5 years from the date of allotment	107.77 -
			107.77
Less: Effective interest rate adjustment			-
TOTAL			107.77
Add: Interest accrued but not due on compulsorily convertible debentures			-
			107.77

During the year ended 31 March, 2021, the Company had issued Compound Financial Instruments amounting to ₹ 500 lakh at 15% interest payable quarterly for a tenure of 5 years which includes a liability component and an equity component. The instrument shall be converted into equity at the end of the tenure i.e.5 years from the date of allotment. The equity component has been shown under other equity amounting to ₹375.38 lakh and the liability component amounting to ₹107.77 lakh has been shown in note no.20 above. The corresponding amount as on 31 March 2022 was ₹ 47.71 lakh.

Commercial Paper

(₹ in lakh)

Tenure (from the date of the Balance Sheet)	Rate of Interest	Repayment details	As at 31 March 2021
upto 12 months	11%	Bullet	975.82
			975.82
Less: Effective interest rate adjustment			-
TOTAL			975.82
Add: Interest accrued but not due			-
			975.82

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

21 Borrowings (other than debt securities)

Particulars	As at 31 March 2021
	Amortised Cost ₹ in lakh
Secured, within India	
Term loans from financial institutions	18,327.41
Term loans from banks	3,188.63
Securitisation liability	2,550.79
Interest accrued but not due on term loans from banks and financial institutions	123.52
Bank overdraft	503.56
TOTAL	24,693.90

Borrowings(other than debt securities)

Terms of repayment of term loans from banks

(₹ in lakh)

Tenure (from the date of the Balance Sheet)	Rate of Interest	Repayment details	As at 31 March 2021
13-24 months	13%-14%	Monthly	256.23
upto 12 months	10%-11%	Monthly	104.17
upto 12 months	12%-13%	Monthly	495.83
upto 12 months	13%-14%	Monthly	2,177.44
upto 12 months	13%-14%	Quarterly	153.85
TOTAL			3,190.51
Less: Effective interest rate adjustment			(1.88)
Less: Fair market value adjustment on acquisition			-
TOTAL			3,188.63
Add: Interest accrued but not due on borrowings			15.11
			3,203.74

Nature of security

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

Borrowings(other than debt securities)

Terms of repayment of term loans from financial institutions

(₹ in lakh)

Tenure (from the date of the Balance Sheet)	Rate of Interest	Repayment details	As at 31 March 2021
25-36 months	13%-14%	Quarterly	500.02
13-24 months	13%-14%	Monthly	2,133.75
13-24 months	14%-15%	Monthly	1,594.68
13-24 months	13%-14%	Quarterly	1,333.34
upto 12 months	12%-13%	Monthly	211.86
upto 12 months	13%-14%	Monthly	7,301.83
upto 12 months	14%-15%	Monthly	4,011.84
upto 12 months	13%-14%	Quarterly	1,333.33
TOTAL			18,420.75
Less: Effective interest rate adjustment			(93.34)
Less: Advance EMI adjusted			-
Add: Fair market value adjustment on acquisition			-
Add: Payable on account of fees to the lender			-
TOTAL			18,327.41
Add: Interest accrued but not due on borrowings			108.42
			18,435.83

Nature of security

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

Securitisation liability

Terms of repayment

(₹ in lakh)

Tenure (from the date of the Balance Sheet)	Rate of Interest	Repayment details	As at 31 March 2021
13-24 months	10.48%-13.50%	Monthly	103.95
upto 12 months	10.48%-13.50%	Monthly	2,446.83
TOTAL			2,550.79

Nature of security

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

Bank Overdraft

Terms of repayment

(₹ in lakh)

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

Nature of security

Bank overdraft is secured against fixed deposits.

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22 Subordinated Liabilities

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

Terms of repayment - Subordinated liability (₹ in lakh)

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

Terms of repayment
Repayment will be made in 2 bullet repayments:
1)50% will be repaid at the end of 5 years and 6 months from the date of disbursement.
2)Remaining 50% will be repaid at the end of the 6th year from the date of disbursement

Terms of repayment - Non-convertible redeemable cumulative preference shares (₹ in lakh)

Tenure (from the date of the Balance Sheet)	Rate of Dividend	Repayment details	As at 31 March 2021
49-60 months	15%	Bullet	500.00
37-48 months	15%	Bullet	-
			500.00
Less: Effective interest rate adjustment			-
TOTAL			500.00
Add: Interest accrued but not due on subordinated liability			0.25
			500.25

During the year ended March 31, 2021, the Company had issued 15% non-convertible redeemable cumulative preference shares (NCRCPS) amounting to ₹ 500 lakh (50,00,000 shares at face value of ₹10 each) redeemable at the end of five years from the date of allotment. Dividend is payable annually at 15% p.a. on the face value of NCRCPS on a pro-rata basis. Dividend if not paid will be cumulative in nature. Redemption premium is fixed at 3% p.a. payable at the time of redemption yielding 18% IRR to the investor.

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

23 Other financial liabilities

Particulars	As at 31 March 2021 ₹ in lakh
Lease liabilities	21.52
Assignee payable	1,027.68
Book Over Draft	284.61
Other payables	161.07
Advance received from customers	389.32
TOTAL	1,884.18

24 Provisions

Particulars	As at 31 March 2021 ₹ in lakh
Provision for gratuity (Refer note 36 - Employee Benefit Obligations)	12.25
TOTAL	12.25

25 Deferred tax liabilities (Net)

Particulars	As at 31 March 2021 ₹ in lakh
Deferred tax liabilities (Net)	121.90
TOTAL	121.90

26 Other non financial liabilities

Particulars	As at 31 March 2021 ₹ in lakh
Fees received in advance	3.92
Statutory dues	73.55
TOTAL	77.47

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27 Other income

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
	Amortised Cost (₹ in lakh)	Amortised Cost (₹ in lakh)
Interest income on ICDs	591.66	-
TOTAL	591.66	-

28 Finance costs

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
	₹ in lakh	₹ in lakh
On financial liabilities measured at amortised cost:		
Interest on debt securities (unlisted)	178.77	-
Interest on borrowings	37.23	-
Other borrowing costs	0.19	-
TOTAL	216.19	-

29 Impairment on financial instruments

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
	₹ in lakh	₹ in lakh
On financial instruments measured at amortised cost:		
Loans	3.35	-
TOTAL	3.35	-

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

(₹ in lakh)

Particulars	For the year ended March 31, 2022					For the year ended March 31, 2021				
	General Approach			Simplified Approach	TOTAL	General Approach			Simplified Approach	TOTAL
	Stage 1	Stage 2	Stage 3			Stage 1	Stage 2	Stage 3		
ECL provision on:										
Loans	3.35	-	-	-	3.35	-	-	-	-	-
Total impairment on financial instruments	3.35	-	-	-	3.35	-	-	-	-	-

30 Other expenses

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
	₹ in lakh	₹ in lakh
Rent, taxes and energy costs	0.01	-
Directors' fees, allowances and expenses	4.91	-
Auditor's fees and expenses (Refer note 30.1 below)	2.50	-
Legal and professional charges	5.09	-
Other expenditure	0.29	-
TOTAL	12.80	-

30.1 Auditor's fees and expenses

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
	₹ in lakh	₹ in lakh
As Auditor:		
Statutory Audit fees	2.00	-
Limited review fees	0.50	-
TOTAL	2.50	-

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31 Income taxes

i) Income taxes recognised in the Statement of Profit and Loss - Continuing Operations

₹ in lakh

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Current tax	92.51	-
Deferred tax	-	-
Total income tax expense recognised in the current year	**92.51**	**-**

ii) Income taxes recognised in the Statement of Profit and Loss - Discontinued Operations

₹ in lakh

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Current tax	3.00	60.31
Deferred tax	-	(21.93)
(Excess)/Short provision of earlier years	102.05	-
Total income tax expense recognised in the current year	**105.05**	**38.38**

31.1 Reconciliation of the total tax charge

The tax charge shown in the statement of profit and loss differs from the tax charge that would apply if all profits had been charged at India corporate tax rate. A reconciliation between the tax expense and the accounting profit multiplied by India's domestic tax rate for the years ended 31st March, 2022 and 31st March, 2021 is, as follows:

₹ in lakh

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Profit/(Loss) before tax for Continuing Operations	359.35	-
Profit/(Loss) before tax for Discontinued Operations	(194.15)	130.08
Profit/(Loss) before tax considered for tax working	**165.20**	**130.08**
Income tax expense calculated at 25.168%	41.58	32.74
<u>**Add/ (Less) tax effect on account of:**</u>		
Effect of permanent differences	202.37	4.95
Effect of temporary allowances for tax purpose	(365.54)	(7.50)
Effect of temporary disallowances for tax purpose	217.10	8.19
Effect of previous year adjustments	102.05	-
Income tax expense recognised in Statement of Profit and Loss	**197.55**	**38.38**
Tax expense for Continuing Operations	92.50	-
Tax expense for Discontinued Operations	105.05	38.38
Income tax expense recognised in Statement of Profit and Loss	**197.55**	**38.38**

The effective income tax rate for March 31, 2022 is 119.58%* (March 31, 2021: 29.50%).

* This is on account of short provision of earliers years and deferred tax impact on slump sale.

The Company has exercised the option permitted under section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019 in 31 March 2021. Accordingly, the Company had recognised and remeasured Provision for Income Tax and Deferred Tax based on the rate prescribed in the said section.

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31.2 The following tables show deferred tax recorded in the balance sheet and changes recorded in the income tax expense:

₹ in lakh

Particulars	Deferred Tax Assets as at March 31, 2022	Deferred Tax Liabilities as at March 31, 2022	Income Statement For the year ended March 31, 2022	Other comprehensive income For the year ended March 31, 2022
Impact on account of slump sale	-	-	(121.90)	-
Provision for employee benefits	-	-	-	(3.79)
Total	-	-	**(121.90)**	**(3.79)**
Charge on account of reversal of MAT credit entitlement	-	-	-	-
Net Impact	-	-	**(121.90)**	**(3.79)**

₹ in lakh

Particulars	Deferred Tax Assets as at March 31, 2021	Deferred Tax Liabilities as at March 31, 2021	Income Statement For the year ended March 31, 2021	Other comprehensive income For the year ended March 31, 2021
Property, plant and equipment, other intangible assets and goodwill - carrying amount	-	313.61	90.65	-
EIR impact on loans measured at amortised cost	114.23	-	(19.64)	-
EIS Asset recognised under Ind AS	-	81.38	24.04	-
EIR impact on borrowings (including debt securities and subordinated liabilities) measured at amortised cost	-	89.74	3.72	-
Impairment loss allowance	230.79	-	(137.77)	-
Provision for employee benefits	0.08	-	5.41	3.00
Expenses allowable for tax purposes when paid	16.20	-	11.04	
Other temporary differences	1.54	-	0.62	-
Total	**362.84**	**484.74**	**(21.94)**	**3.00**
Charge on account of reversal of MAT credit entitlement	-	-	-	-
Net Impact	-	**121.90**	**(21.94)**	**3.00**

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

Particulars	As at 31st March, 2022	As at 31st March, 2021
Amounts recognised in respect of current tax / deferred tax directly in equity	-	-

Tax losses and tax credits ₹ in lakh

Particulars	As at 31st March, 2022	As at 31st March, 2021
Unused business losses and unabsorbed depreciation for which no deferred tax asset has been recognised	-	-
MAT credit entitlement	-	-

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32 **Note on Discontinued Operations**

RBI vide its letter dated 12 October 2021, granted a licence to Centrum Financial Services Limited, an associate company of the Company to establish a small finance bank (SFB). One of the licensing conditions was that the Company shall surrender its NBFC-MFI licence on or before the date of commencement of business by Unity Small Finance Bank Limited (Unity). Therefore, the Company sold its business to Unity vide a Business Transfer Agreement (by way of slump sale) ("BTA") dated October 26, 2021.

In lieu of the same, CML has discontinued its NBFC business with effect from November 1, 2021. The results of the discontinued operations have been shown below:

Particulars	For the year ended March 31, 2022	For the year ended
Revenue from operations		
Interest income	5,093.22	9,686.54
Fees and commission income	36.84	20.26
Net gain on fair value changes	70.08	15.04
Net gain on derecognition of financial instruments under amortised cost category	122.38	319.71
Other operating revenue	3.46	4.20
Total revenue from operations	**5,325.98**	**10,045.75**
Other income	615.60	48.75
Total income	**5,941.58**	**10,094.50**
Expenses		
Finance costs*	3,755.83	5,814.61
Impairment on financial instruments	33.45	563.93
Employee benefits expenses	1,932.86	2,565.06
Depreciation, amortisation and impairment	40.44	82.36
Other expenses	763.68	938.46
Total expenses	**6,526.27**	**9,964.42**
Profit/(loss) before tax before exceptional items from discontinued operations	**(584.68)**	**130.08**
Exceptional items**	390.53	-
Profit/(loss) before tax from discontinued operations	**(194.15)**	**130.08**
Tax expense:		
- Current tax	3.00	60.31
- Deferred tax	-	(21.93)
- (Excess)/Short provision of earlier years	102.06	-
Total tax expense	**105.06**	**38.38**
Net Profit for the year	**(299.21)**	**91.70**
Items that will not be reclassified to profit or loss		
- Remeasurements of post-employment benefit obligations	(15.07)	11.94
- Income tax relating to these items	3.79	(3.00)
Items that will be reclassified to profit or loss	-	-
Other comprehensive income/(loss) for the year	**(11.28)**	**8.94**
Total comprehensive income for the year	**(310.48)**	**100.65**

*The finance cost includes interest on compulsorily convertible debentures and non-convertible redeemable cumulative preference shares for the period till 31st October 2021 (for FY 21-22) and for the full year FY 20-21, since these funds were used for the NBFC-MFI business till 31 October 2021. The corresponding cost from 1 November 2021 onwards has been shown under continuing operations (refer note - 28)

**The exceptional item amounting to ₹ 390.53 lakh represents the gain arising on account of slump sale transaction of ₹ 225.92 lakh(net of deferred tax asset transferred) and deferred tax income arising on October 31, 2021 of ₹ 164.61 lakh which has been added to the gain as the corresponding net assets were transferred under the Business Transfer Agreement.

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32a **Net cash flows attributable to the Discontinued Operations are as follows:**

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
	₹ in lakh	₹ in lakh
Net Cash flows from/(used) in operating activities	(7,455.55)	3,418.32
Net Cash flows from/(used) in investing activities	46.69	(12.32)
Net Cash flows from/(used) in financing activities	21,884.12	(1,437.65)
Net Increase/(decrease) in cash and cash equivalent	14,475.25	1,968.35
Cash and cash equivalents as at 1 April (opening balance)	2,533.74	565.39
Less : Balance transferred through slump sale	(17,008.99)	-
Cash and cash equivalents as at 31 March (closing balance)	-	2,533.74

32b **An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to all onward lending is as follows:**

(₹ in lakh)

Particulars	Stage 1	Stage 2	Stage 3
Gross carrying amount as at April 1, 2021	**41,053.38**	**2,170.87**	**396.96**
Assets originated*	24,813.43		
Net transfer between stages			
Transfer to stage 1	-	-	-
Transfer to stage 2	(9,035.49)	9,035.49	-
Transfer to stage 3		(328.96)	328.96
Assets derecognised or collected (including death cases/preclosure cases)	(17,124.60)	(1,651.96)	(267.65)
Amounts written-off	-	-	(280.20)
Assets transferred through slump sale	(39,706.73)	(9,225.44)	(178.07)
Gross carrying amount as at 31st March, 2022	-	-	-

* Assets originated represents the disbursements made during the year.

Reconciliation of ECL balance is given below: (₹ in lakh)

Particulars	31 March 2022			
	Stage 1	Stage 2	Stage 3	TOTAL
ECL provision at the beginning of the year	**567.20**	**28.63**	**331.88**	**927.71**
Add: ECL provision during the year	(157.39)	113.86	66.44	**22.90**
Less: Write-offs during the year	-	-	(280.20)	**(280.20)**
Less: Amounts transferred through slump sale	(409.80)	(142.49)	(118.13)	**(670.42)**
ECL provision at the end of the year	-	-	-	-

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32c Additional disclosures as required by RBI
These disclosures are with respect to discontinued operations till 31 Oct 2021. Also refer note 34 on Business Transfer Agreement.
The additional disclosure notes required by the Reserve Bank of India (RBI) are prepared under the Indian Accounting Standards (Ind AS) issued by the Ministry of Corporate Affairs (MCA), unless otherwise stated.

i) Information on instances of fraud

Instances of fraud for the period ended 31st October, 2021

₹ in lakh

Nature of fraud	No. of cases	Amount of fraud	Recovery	Write-off
Cash embezzlement	44	25.52	3.77	-

Instances of fraud for the year ended 31st March, 2021

₹ in lakh

Nature of fraud	No. of cases	Amount of fraud	Recovery	Write-off
Cash embezzlement	21	5.48	2.34	-

ii) Movement in non-performing assets (NPAs) ₹ in lakh

Particulars	As at 31st October, 2021	As at 31st March, 2021
(a) Net NPAs to Net Advances (%)	3.12%	3.15%
(b) Movement of NPAs (Gross)		
(i) Opening balance	396.96	119.46
(ii) Additions during the period/ year	325.96	284.32
(iii) Reductions during the period/ year	(547.85)	(6.83)
(iv) Closing balance	175.07	396.96
(c) Movement of Net NPAs		
(i) Opening balance	85.08	2.12
(ii) Additions during the period/ year	262.52	89.15
(iii) Reductions during the period/ year	(287.65)	(6.22)
(iv) Closing balance	59.95	85.08
(d) Movement of provisions for NPAs (excluding provision on standard assets)		
(i) Opening balance	331.88	117.34
(ii) Additions during the period/ year	66.44	215.14
(iii) Write off/write back of excess provision	(283.19)	(0.60)
(iv) Closing balance	115.13	331.88

NPA accounts reported are stage 3 assets.

iii) (a) Disclosure relating to securitisation

The Company has entered into various agreements for the securitisation of loans with assignees, wherein it has securitised a part of its loans portfolio amounting to ₹ Nil, during the period ended 31st Oct, 2021 (31st March, 2021: ₹ 2,641.86 lakh lakh), being the principal value outstanding as on the date of the deals that are outstanding. The Company is responsible for collection and getting servicing of this loan portfolio on behalf of investors/buyers. In terms of the said securitisation agreements, the Company pays to investors/buyers on agreed date basis the prorata collection amount as per individual agreement terms.

The information on securitisation of the Company as an originator in respect of outstanding amount of securitised assets is given below:

(₹ in lakh)

Particulars	As at 31st October, 2021	As at 31st March, 2021
No. of SPVs sponsored by the NBFC for securitisation transactions	3	3
Total amount of securitised assets as per books of the SPVs sponsored by the NBFC	516.80	2,681.39
Total amount of exposures retained by the NBFC to comply with MRR as on the date of the balance sheet	-	-
i) Off-balance sheet exposures		
- First loss		
- Others	-	-
ii) On-balance sheet exposures		
- First loss (in the form of Security deposit)	272.94	272.94
- Others		
Amount of exposures to securitisation transactions other than MRR		
i) Off-balance sheet exposures		
Exposure to own securitisations		
- First loss	-	-
- loss	-	-
Exposure to third party securitisations		
- First loss	-	-
- Others	-	-
ii) On-balance sheet exposures		
Exposure to own securitisations		
- First loss	-	-
- Others	-	-
Exposure to third party securitisations		
- First loss	-	-
- Others	-	-

Total outstanding amounts and cash collateral as on the date of the balance sheet are excluding notional Ind AS adjustments.

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Disclosure as per RBI circular no.DBOD.No.BP.BC.60/21.04.048/2005-06 dated 1st February, 2006.

(₹ in lakh)

Particulars	As at 31st October, 2021	As at 31st March, 2021
I) Total number of loan assets securitised during the period/ year	-	15,167
II) Book value of loans assets securitised during the period/ year	-	3,843.88
III) Consideration received during the period/ year	-	3,459.40
IV) Credit enhancement provided during the period/ year	-	203.94
V) Unamortised interest spread as at period/ year end	-	-
VI) Interest spread recognised in the statement of profit and loss during the period/ year (including amortisation of unamortised interest spread) *	-	-

* Under Ind AS 109, securitised loan assets do not meet de-recognition criteria and accordingly, the Company continues to recognise such loan assets and in addition recognises a liability for the amount received. Accordingly, securitised loan assets and related liability is measured at amortised cost using effective interest method.

Details of financial asset sold to Securitisation/Reconstruction Company for asset reconstruction:
The Company has not sold financial assets to securitisation/reconstruction companies for asset reconstruction in the current and previous year.

iii) (b) Disclosure relating to direct assignment transactions
Detail of assignment transactions undertaken:-

The Company has entered into various agreements for the assignment of loans with assignees, wherein it has assigned a part of its loans portfolio amounting to ₹ 2222.85 Lakh* during the period ended 31st Oct, 2021 (31st March, 2021: ₹ 5,848.55 Lakh), being the principal value outstanding as on the date of the deals that are outstanding. In terms of accounting policy mentioned in Significant Accounting Policies. The Company has de-recognised these loan portfolios. The Company is responsible for collection and getting servicing of the loan portfolio on behalf of Investors/Buyers. In terms of the said assignment agreements, the Company pays to Investors/Buyers on agreed date basis the prorata collection amount as per individual agreement terms.

₹ in lakh

Particulars	As at 31st October, 2021	As at 31 March 2021
(i)No. of accounts	9,118	27,208
(ii)Aggregate value (net of provisions) of accounts assigned*	2,222.85	5,848.55
(iii)Aggregate consideration	2,000.58	5,075.50
IV) Interest spread recognised in the statement of profit and loss during the year (including amortisation of interest spread net of related expenses)	122.28	318.71

*The assigned value represents 100% of the portfolio. Of the above, the Company has retained 10% as MRR.

iv) Details of non-performing financial assets purchased/sold
The Company has not purchased/sold any non-performing financial assets during the current period and previous year.

v) Details of financing of parent Company products
The Company has not financed the product of parent Company during the period ended 31st October 2021. (year ended 31st March 2021: Nil)

vi) Information on net interest margin during the year

Particulars	As at 31st October, 2021	As at 31st March, 2021
Average effective yield on loans (a)*	20.52%	23.47%
Average effective cost of borrowing (b)	14.82%	15.24%
Net interest margin (a-b) (refer note below)	5.71%	8.23%

*The net interest income considered for the purpose of calculating average effective yield on loans does not include ex gratia income.

Note:

1) Net interest margin as on 31st October, 2021 and 31st March, 2021 are calculated based on Ind AS financial statements and does not include the impact of processing fees on loans.
2) For the purpose of margin calculation, the yield and cost of borrowing have been calculated on an annualised.

vii) Concentration of deposits:
There are no deposits taken during the period ended 31st October, 2021 (year ended 31st March, 2021 : Nil)

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viii) Asset liability management

Maturity pattern of certain items of assets and liabilities as at 31st October 2021

₹ in lakh

Particulars	0-7 Days	8-14 Days	15-30 Days	1-2 Month	2-3 Month	3-6 Month	6 month to 1 year	1-3 Year	3-5 year	over 5 year	Total
Deposits	-	-	-	-	-	-	-	-	-	-	-
Advances	1,297.81	609.77	1,061.65	2,382.03	5,318.80	8,592.16	16,585.44	16,606.66	0.33	-	46,266.68
Investments	-	-	-	-	-	-	-	-	-	-	-
Borrowings	400.00	221.00	1,494.10	2,222.00	2,002.94	6,900.00	13,838.11	28,497.48	6,600.90	-	62,088.80
Foreign Currency assets	-	-	-	-	-	-	-	-	-	-	-
Foreign currency liabilities	-	-	-	-	-	-	-	-	-	-	-

The amount of advances and borrowings reported above are excluding notional Ind AS adjustments.

Maturity pattern of certain items of assets and liabilities as at 31st March 2021

₹ in lakh

Particulars	0-7 Days	8-14 Days	15-30 Days	1-2 Month	2-3 Month	3-6 Month	6 month to 1 year	1-3 Year	3-5 year	over 5 year	Total
Deposits	-	-	-	-	-	-	-	-	-	-	-
Advances	1,103.75	811.19	1,317.16	2,777.16	2,713.13	7,617.09	13,406.06	13,271.80	410.62	-	43,627.97
Investments	-	-	-	-	-	-	-	-	-	-	-
Borrowings	1,719.67	793.16	1,360.25	3,297.84	2,442.57	6,540.04	9,565.99	8,699.87	6,708.81	-	41,128.11
Foreign Currency assets	-	-	-	-	-	-	-	-	-	-	-
Foreign currency liabilities	-	-	-	-	-	-	-	-	-	-	-

The amount of advances and borrowings reported above are excluding notional Ind AS adjustments.

ix) Sector-wise NPAs

Sector	As at 31st October, 201	As at 31st March, 2021
	(%) of NPAs to total advances in that sector	
Agriculture and allied activities *	0.25%	3.46%
MSME	-	-
Corporate borrowers	-	-
Services	-	-
Other unsecured loans *	0.45%	1.18%
Auto loans	-	-
Other personal loans	-	-

NPA accounts reported are stage 3 assets.

* It represents micro business loans given to JLG borrowers.

The amount of NPAs and advances considered while calculating the above percentages are excluding notional Ind AS adjustments.

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Notes to the financial statements for the year ended 31st March 2022

i) Concentration of advances, exposure and NPAs :

₹ in lakh

Particulars	As at 31st October, 2021	As at 31st March, 2021
Concentration of advances		
Total advances to twenty largest borrowers	105.80	173.87
(%) of advances to twenty largest borrowers to total advance	0.22%	0.41%
Concentration of exposures		
Total exposure to twenty largest borrowers/customers	106.80	173.87
(%) of exposure to twenty largest borrowers/customers to total exposure	0.22%	0.41%
Concentration of NPAs		
Total exposure to top four NPA accounts	48.85	2.19

The actual amount of exposure and advances are excluding notional Ind AS adjustments.

ii) Draw down from Reserves

There has been no draw down from reserves during the period ended 31st October, 2021 (31st March, 2021: Nil).

iii) Overseas assets

The Company did not have any Joint Ventures and Subsidiaries abroad as at 31st October, 2021 (31st March, 2021: Nil).

iv) Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the NBFC

The Company did not exceed the limits prescribed for Single and Group Borrower during the period ended 31st October, 2021 (31st March, 2021: Nil).

v) Customer complaints

Particulars	As at 31st October, 2021	As at 31st March, 2021
(a) Number of complaints pending at the beginning of the period/ year	-	-
(b) Number of complaints received during the period/ year	284	62
(c) Number of complaints redressed during the period/ year	284	62
(d) Number of complaints pending at the end of the period/ year	-	-

The Company has a Customer Grievance Redressal Mechanism for convenience of customers to register their complaints and for the Company to monitor and redress them.

vi) Registration obtained from other financial sector regulators

The Company is registered with following other financial sector regulators (Financial regulators as described by Ministry of Finance):

a. Ministry of Corporate Affairs

vii) Investments:

₹ in lakh

Particulars	As at 31st October, 2021	As at 31st March, 2021
(i) Value of investments		
Gross value of investments		
(a) in India	-	-
(b) outside India	-	-
Provisions for depreciation		
(a) in India	-	-
(b) outside India	-	-
Net value of investments		
(a) in India	-	-
(b) outside India	-	-
(ii) Movement of provisions held towards depreciation on investments		
Opening balance	-	-
Add : Provisions made during the year	-	-
Less : Write-off / write-back of excess provisions during the year	-	-
Closing balance	-	-

viii) Derivatives

The Company has no transactions/exposure in derivatives in the current and previous year. The Company has no unhedged foreign currency exposure as on 31st October, 2021 (31st March, 2021: Nil).

viii) Exposure to real estate sector

The Company has no exposure to the real estate sector directly or indirectly as at 31st October, 2021 (31st March, 2021: Nil).

ix) Exposure to capital markets

The Company does not have any direct or indirect exposure towards capital markets as at 31st October, 2021 (31st March, 2021: Nil).

x) Penalties imposed by RBI and other regulators

No penalties have been imposed by RBI and other regulators during the period ended 31st October, 2021 (31st March, 2021: Nil).

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xxi) Break up of provisions and contingencies shown under the head expenditure in statement of profit and loss

₹ in lakh

Particulars	For the period ended October 31, 2021	For the year ended March 31, 2021
Provision towards non performing assets*	65.41	214.54
Provision made towards income tax (including deferred tax)	167.58	39.39
Provision towards other receivables and fixed deposits	8.60	(12.28)
Provision for standard assets**	-	-
Other provisions and contingencies		
Provisions towards impairment of financial instruments other than provision for stage 3 assets**	43.58	381.21

* It comprises of provision for stage 3 assets including bad debts written off

** Provision for standard assets are included in provisions towards impairment of financial instruments other than provision for stage 3 assets

xxii) Capital Adequacy Ratio

Capital to risk assets ratio (CRAR)	As at 31st October, 2021	As at 31st March, 2021
CRAR (%)	16.88%	25.53%
CRAR - Tier I capital (%)	8.54%	13.54%
CRAR - Tier II capital (%)	8.34%	11.99%
Amount of subordinated debt considered as Tier II capital	1,042.81	1,005.38

Tier I capital, Tier II capital and owned fund are calculated as defined in Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 and notification RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 "Implementation of Indian Accounting Standards" issued by RBI on 13th March, 2020.

xxiii) Asset classification as per RBI norms

Loan portfolio has been classified in accordance with the directions issued by the Reserve Bank of India (Master Circular - Introduction of New Category of NBFCs - 'Non Banking Financial Company-Micro Finance Institutions' (NBFC-MFIs) - Directions). The necessary provisions as per RBI norms prescribed vide notification RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 "Implementation of Indian Accounting Standards" issued by RBI on 13th March, 2020." have been made. Table below:

As at 31st October, 2021

₹ in lakh

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms*
Performing Assets						
Standard	Stage 1	38,706.73	419.80	38,286.93	393.58	(15.32)
	Stage 2	9,225.44	112.49	9,082.95	659.92	547.43
Subtotal		**48,932.17**	**532.29**	**48,379.88**	**1,053.41**	**531.13**
Non-Performing Assets (NPA)						
Substandard	Stage 3	118.93	73.28	45.65	7.08	(66.20)
Doubtful - up to 1 year	Stage 3	54.37	41.23	13.14	0.54	(40.69)
Doubtful - 1-3 years	Stage 3	4.73	3.58	1.14	0.05	(3.54)
More than 3 years	Stage 3	0.04	0.03	0.01	0.00	(0.03)
Subtotal for doubtful		**178.07**	**118.13**	**59.94**	**7.67**	**(110.45)**
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		**178.07**	**118.13**	**59.94**	**7.67**	**(110.45)**
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						
Total	**Stage 1**	**38,706.73**	**419.80**	**38,286.93**	**393.58**	**(15.32)**
	Stage 2	**9,225.44**	**112.49**	**9,082.95**	**659.92**	**547.43**
	Stage 3	**178.07**	**118.13**	**59.94**	**7.67**	**(110.45)**

* The negative amount represents the provision held by the Company in excess of IRACP norms.

As at 31st March, 2021

₹ in lakh

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
Performing Assets						
Standard	Stage 1	41,053.38	567.20	40,486.18	13.57	(553.63)
	Stage 2	2,170.88	28.63	2,142.25	21.71	(6.92)
Subtotal		**43,224.26**	**595.83**	**42,628.43**	**35.27**	**(560.55)**
Non-Performing Assets (NPA)						
Substandard	Stage 3	252.60	204.63	47.97	252.60	47.97
Doubtful - up to 1 year	Stage 3	69.27	57.92	11.35	69.27	11.35
Doubtful - 1-3 years	Stage 3	35.09	29.33	5.76	35.09	5.76
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful		**356.96**	**291.89**	**65.08**	**356.96**	**65.07**
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		**356.96**	**291.89**	**65.08**	**356.96**	**65.07**
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						
Total	**Stage 1**	**41,053.38**	**567.20**	**40,486.18**	**13.57**	**(553.63)**
	Stage 2	**2,170.88**	**28.63**	**2,142.25**	**21.71**	**(6.92)**
	Stage 3	**356.96**	**291.89**	**65.08**	**356.96**	**65.07**

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Notes to the financial statements for the year ended 31st March 2022

xxix) Unsecured loans and advances

All loans of the Company are unsecured except for loans assigned by a related party.

xxx) One-time restructuring done during the period

During the period ended October 31, 2021, the Company has invoked resolution plans to relieve COVID-19 pandemic related stress to eligible borrowers. The resolution plans are based on the parameters laid down in the resolution policy approved by the Board of Directors of the Company and in accordance with the guidelines issued by the RBI on August 6, 2020. The staging of accounts and provisioning for the eligible accounts where the resolution plans are invoked and implemented is in accordance with the Board Approved Policy in this regard.

Disclosure pursuant to RBI notification RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21 dated 06 August 2020

Type of Borrower	(A) Number of accounts where resolution plan has been implemented under this window	(B) exposure to accounts mentioned at (A) before implementation of the plan (₹ in lakh)	(C) Of (B), aggregate amount of debt that was converted into other securities	(D) Additional funding sanctioned, if any, including between invocation of the plan and implementation (₹ in lakh)	(E) Increase in provisions on account of the implementation of the resolution plan
Personal Loans**	37,281	7,535.26	NIL	-	Refer note (a) below
Corporate persons*	-	-	NIL	-	
Of which, MSMEs	-	-	NIL	-	
Others	-	-	NIL	-	
Total	**37,281**	**7,535.26**	**NIL**	-	

*As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016

**It represents micro business loans given to JLG borrowers

(a) Since the Company is an Ind AS following NBFC, hence the provisioning in the financial statements on portfolio under the above resolution plan are made as per the ECL norms in accordance with the Board of Directors approved policy in the regard. Further, the provisioning as required under the COVID Resolution Framework for COVID-19 related stress circular dated 06 August, 2020 of RBI has been computed for the purpose of provisioning under IRAC norms to comply with the RBI circular dated March 13, 2020.

xxxi) Disclosure on liquidity risk under RBI circular no. RBI/2019-20/88 DOR.NBFC (PD) CC. No.102/03.10.001/2019-20 dated November 04, 2019 on Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies

a. Funding Concentration based on significant counterparty (borrowings, debt securities and subordinated liabilities)

Particulars	As at 31st October, 2021	As at 31st March, 2021
No. of Significant Counterparties*	19	19
Amount (₹ in lakh) #	58,851.53	39,316.18
Percentage of funding concentration to total deposits	Not Applicable	Not Applicable
Percentage of funding concentration to total liabilities	92.44%	84.35%

*Significant counterparty is as defined in RBI Circular RBI/2019-20/88 DOR.NBFC (PD) CC.No.102/03.10.001/2019-20 dated 4 November 2019 on Liquidity Risk Management Framework for Non Banking Financial Companies and Core Investment Companies.

b. Top 20 large deposits: Not Applicable

c. Top 10 Borrowings

Particulars	As at 31st October, 2021	As at 31st March, 2021
Total amount of top 10 borrowings (₹ in lakh) #	42,203.89	28,744.08
Percentage of amount of top 10 borrowings to total borrowings	65.98%	60.88%

d. Funding concentration based on significant instrument / product**

Particulars	As at 31st October, 2021 ₹ in lakh #	% of Total liabilities	As at 31st March 2021 ₹ in lakh #	% of Total liabilities
Non convertible debentures	13,156.20	20.63%	10,054.43	21.44%
Compulsorily convertible debentures	2,936.32	4.61%	2,807.77	5.75%
Term loan from banks	26,293.84	41.23%	3,168.73	7.45%
Term loan from financial institutions	18,144.28	28.45%	19,325.73	42.03%
Subordinated Liability	1,000.94	1.57%	1,000.81	2.32%
Non-convertible redeemable cumulative preference shares	553.01	0.87%	505.25	1.16%
Securitisation liability	748.90	1.17%	2,160.73	5.02%
Commercial Paper	-	-	975.82	2.27%
Short Term Facilities			503.56	1.17%

**Significant instrument/product is as defined in RBI Circular RBI/2019-20/88 DOR.NBFC (PD) CC.No.102/03.10.001/2019-20 dated 4 November 2019 on Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies.

e. Stock Ratios:

Particulars	As at 31st October, 2021	As at 31st March, 2021
I Commercial Papers to Total Liabilities##	0.00%	2.27%
II Commercial Papers to Total Assets	0.00%	1.92%
III Commercial Papers to Public funds***	0.00%	2.58%
IV NCD(Original Maturity < 1yrs) to Total Liabilities	5.18%	0.00%
V NCD(Original Maturity < 1yrs) to Total Assets	4.68%	0.00%
VI NCD(Original Maturity < 1yrs) to Public funds***	4.88%	0.00%
VII Other Short Term Liabilities to Total Liabilities ##	44.58%	63.68%
VIII Other Short Term Liabilities to Total Assets ##	40.01%	53.88%
IX Other Short Term Liabilities to Public funds*** ##	41.73%	71.74%

*** Public funds is as defined in Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Direction, 2016

All the above numbers are excluding notional Ind AS adjustments.

Other short term liabilities include all the financial liabilities maturing within next 12 months. Total liabilities represent all the liabilities excluding equity.

f. Institutional set up for liquidity risk management:

Centrum Microcredit Ltd. has an Asset Liability Management Committee (ALCO), a management level committee to handle liquidity risk management. The ALCO meetings are held at periodic intervals. At the apex level, the Management Committee (ManCom), a sub-committee of the Board of Directors of the Company, oversees the liquidity risk management. The ManCom subsequently updates the Board of Directors on the same.

xxxii) Rating assigned by credit rating agencies and migration of ratings during the period ended 31 October 2021.

The CARE Ratings has reaffirmed the rating to [illegible] towards the Company's long term facilities during the period.

xxxiii) Loans restructured during the period ended 31 October 2021

No loans have been restructured during the period except for the one-time restructuring as mentioned in note xxx) above.

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Notes to the financial statements for the year ended 31st March 2022

xxix) Schedule to the Balance Sheet of "Centrum Microcredit Limited" (as required in terms of paragraph 19 of Systemically Important Non-Banking Financial (Non- Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2016

Particulars	As at October 31, 2021			As at March 31, 2021		
Liabilities side :	Amount outstanding	Amount overdue	Total	Amount outstanding	Amount overdue	Total
1) Loans and advances availed by the non- banking financial company inclusive of interest accrued thereon but not paid:						
(a) Debentures - Secured	13,158.20	-	13,158.20	15,854.48	-	15,854.48
Unsecured (Compulsorily Convertible)	2,838.32	-	2,838.32	2,807.77	-	2,807.77
(other than falling within the meaning of public deposits)						
(b) Deferred credits	-	-	-	-	-	-
(c) Term loans	44,438.22	-	44,438.22	21,734.81	-	21,734.81
(d) Inter-corporate loans and borrowing	-	-	-	-	-	-
(e) Commercial paper	-	-	-	975.82	-	975.82
(f) Public deposits	-	-	-	-	-	-
(g) Other loans *	2,382.75	-	2,382.75	4,308.03	-	4,308.03

*Includes subordinated liability, non-convertible redeemable cumulative preference shares, securitisation liability and bank overdraft

Assets side :	As at October 31, 2021	As at March 31, 2021
	Amount outstanding	Amount outstanding
2) Break-up of loans and advances including bills receivables [other than those included in (4) below]		
(a) Secured	-	-
(b) Unsecured	49,115.23	43,821.22
Total	49,115.23	43,821.22
3) Break up of leased assets and stock on hire and other assets counting towards AFC activities		
(i) Lease assets including lease rentals under sundry debtors		
(a) Financial lease	-	-
(b) Operating lease - Refer note 5 below	-	-
(ii) Stock on hire including hire charges under sundry debtors		
(a) Assets on hire	-	-
(b) Repossessed assets	-	-
(iii) Other loans counting towards AFC activities		
(a) Loans where assets have been repossessed	-	-
(b) Loans other than (a) above	-	-
4) Break-up of investments :		
Current investments :		
1. Quoted		
(i) Shares : (a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and bonds	-	-
(iii) Units of mutual funds	-	-
(iv) Government securities	-	-
(v) Others (please specify)	-	-
2. Unquoted		
(i) Shares : (a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and bonds	-	-
(iii) Units of mutual funds	-	-
(iv) Government securities	-	-
(v) Others (security receipts)	-	-

Particulars	As at October 31, 2021	As at March 31, 2021
	Amount outstanding	Amount outstanding
Long term investments :		
1. Quoted		
(i) Shares : (a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and bonds	-	-
(iii) Units of mutual funds	-	-
(iv) Government securities	-	-
(v) Others (please specify)	-	-
2. Unquoted		
(i) Shares : (a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and bonds	-	-
(iii) Units of mutual funds	-	-
(iv) Government securities	-	-
(v) Others (Investment and investment property)	-	-

5) Borrower group-wise classification of assets financed as in (2) and (3) above :	As at October 31, 2021 Amount net of provision			As at March 31, 2021 Amount net of provision (Refer note 14)		
Category	Secured	Unsecured	Total	Secured	Unsecured	Total
1. Related Parties						
(a) Subsidiaries	-	-	-	-	-	-
(b) Companies in the same group	-	-	-	-	136.04	136.04
2. Other than related parties	-	48,439.82	48,439.82	-	42,557.47	42,557.47
Total	-	48,439.82	48,439.82	-	42,693.51	42,693.51

6) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted)						
Category	Market Value / Break up or fair value or NAV	Book Value (Net of provisions)	Total	Market Value / Break up or fair value or NAV	Book Value (Net of provisions)	Total
1. Related Parties						
(a) Subsidiaries	-	-	-	-	-	-
(b) Companies in the same group	-	-	-	-	-	-
2. Other than related parties	-	-	-	-	-	-
Total	-	-	-	-	-	-

7) Other Information					
Particulars	Amount	Total	Amount	Amount	Total
(i) Gross non- performing assets					
(a) Related parties	-	-	-	-	-
(b) Other than related parties	175.07	175.07	396.96	-	396.96
(ii) Net non-performing assets					
(a) Related parties	-	-	-	-	-
(b) Other than related parties	99.95	99.95	95.08	-	95.08
(iii) Assets acquired in satisfaction of debt	-	-	-	-	-

Notes:
1. Provisioning is done as per the ECL policy of the company.
The figures are not netted with provision against standard assets as it is not a specific provision.

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Notes to the financial statements for the year ended 31 March 2022

33 Earnings per equity share

(Face value of ₹ 10 per share)

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

EPS - Continuing operations

Particulars	For the year ended March 31, 2022
Net profit after tax available for equity shareholders for basic EPS (₹ in lakh)	286.84
Net profit after tax available for equity shareholders for diluted EPS (₹ in lakh)	285.20
Weighted average number of equity shares for basic EPS (Nos in lakh)	705.28
Weighted average number of equity shares for diluted EPS (Nos in lakh)	755.28
Basic earnings per share (₹)	0.38
Diluted earnings per share (₹)	0.38

EPS - Discontinuing operations

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Net profit after tax available for equity shareholders for basic EPS (₹ in lakh)	(299.21)	91.70
Net profit after tax available for equity shareholders for diluted EPS (₹ in lakh)	(301.50)	91.70
Weighted average number of equity shares for basic EPS (Nos in lakh)	705.28	705.28
Weighted average number of equity shares for diluted EPS (Nos in lakh)	755.28	705.28
Basic earnings per share (₹)	(0.43)	0.13
Diluted earnings per share (₹)	(0.43)	0.13

EPS - Continued and Discontinuing operations

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Net profit after tax available for equity shareholders for basic EPS (₹ in lakh)	(32.36)	91.70
Net profit after tax available for equity shareholders for diluted EPS (₹ in lakh)	(36.30)	91.70
Weighted average number of equity shares for basic EPS (Nos in lakh)	705.28	705.28
Weighted average number of equity shares for diluted EPS (Nos in lakh)	755.28	705.28
Basic earnings per share (₹)	(0.05)	0.13
Diluted earnings per share (₹)	(0.05)	0.13

Effects of share options on diluted earnings per share

(For the year ended 31st March, 2022)

Particulars	Nos.
Net profit for the year ended 31st March, 2022 (₹ in lakh) - Continuing operations	286.84
Net profit for the year ended 31st March, 2022 (₹ in lakh) - Discontinued operations	(299.21)
Net profit for the year ended 31st March, 2022 (₹ in lakh) - Continuing and Discontinued operations	(32.36)
Weighted average number of equity shares outstanding during the year ended 31st March 2022 (Nos.)	7,05,28,306
Average fair value of one option during the year ended 2022 (₹)	Nil
Weighted average number of shares under Employee stock option during the year ended 31st March, 2022 (Nos.)	Nil
Weighted average number of shares under Conversion with respect to Compound Financial Instrument during the year ended 31st March 2022	50,00,000
Exercise price for shares under option during the year ended 31st March, 2022 (₹)	Nil

Computation of Earnings per share - Continuing operations

Particulars	Earnings (₹ in lakh)	Shares (Nos.)	Earnings per share (₹)
Net profit for the year ended 31st March, 2022	286.84		
Weighted average number of shares outstanding during year ended 31st March, 2022		7,05,28,306	
Basic earnings per share			0.38
Impact of Compound Financial Instrument	(1.64)		
Number of shares under conversion	-	50,00,000	
Diluted earnings per share	285.20	7,55,28,306	0.38

Computation of Earnings per share - Discontinued operations

Particulars	Earnings (₹ in lakh)	Shares (Nos.)	Earnings per share (₹)
Net profit for the year ended 31st March, 2022	(299.21)		
Weighted average number of shares outstanding during year ended 31st March, 2022		7,05,28,306	
Basic earnings per share			(0.42)
Impact of employee stock options	-		
Impact of Compound Financial Instrument	(2.30)		
Number of shares under employee stock options	-	Nil	
Number of shares under conversion	-	50,00,000	
Diluted earnings per share	(301.50)	7,55,28,306	(0.43)

Computation of Earnings per share - Continuing & Discontinued operations

Particulars	Earnings (₹ in lakh)	Shares (Nos.)	Earnings per share (₹)
Net profit for the year ended 31st March, 2022	(32.36)		
Weighted average number of shares outstanding during year ended 31st March, 2022		7,05,28,306	
Basic earnings per share			(0.05)
Impact of employee stock options	-		
Impact of Compound Financial Instrument	(3.94)		
Number of shares under employee stock options	-	Nil	
Number of shares under conversion	-	50,00,000	
Diluted earnings per share	(36.30)	7,55,28,306	(0.05)

Note:

Since the rate of conversion of the compulsorily convertible debentures can be ascertained only on the date of conversion, the same have not been considered while calculating the diluted earnings per share except for the compound financial instrument which are issued with fixed conversion terms.

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34 Note on Business Transfer Agreement

RBI vide its letter dated 12 October 2021, granted a licence to Centrum Financial Services Limited, a fellow subsidiary company of the Company to establish a small finance bank (SFB).

One of the licensing conditions was that the Company shall surrender its NBFC-MFI licence on or before the date of commencement of business by Unity Small Finance Bank Limited (USFB). Therefore, the Company sold its business to USFB vide a Business Transfer Agreement (by way of slump sale) ("BTA") dated October 26, 2021.

USFB commenced its operations on November 1, 2021. Pursuant to the BTA, the entire business undertaking of CML was transferred to USFB via slump sale as a going concern, on 'as-is-where-is' basis, effective from November 01, 2021 for a total consideration of INR 11,000 Lakh. The Company had received the consideration in cash.

Accordingly, the Company has derecognised the assets and liabilities at book value in its books of accounts pertaining to the NBFC-MFI undertaking. The excess of consideration received over the value of assets and liabilities transferred was recognised as gain on slump sale and credited to the Profit and Loss Account. Since the transfer of the undertaking constitutes discontinued operations, the financial statement for the year ended and as at 31 March 2021 have been drawn in accordance with Ind AS 105 - Non-current Assets Held for Sale and Discontinued Operations. Therefore, the same are not comparable with the current year's financial statement. The summary of assets and liabilities derecognised pursuant to the BTA is as under:

Particulars	INR in Lakh
Assets	
Cash and cash equivalents	17,008.99
Bank balances other than cash and cash equivalents above	1,865.49
Loans	48,439.83
Receivables	43.47
Other financial assets	851.81
Current tax assets (net)	145.10
Deferred tax assets (net)	46.50
Property, plant and equipment	86.94
Intangible assets	4.24
Right of Use - Premises	13.55
Goodwill	2,501.33
Other non-financial assets	51.56
Total assets transferred	71,058.81
Liabilities	
Trade payables	70.29
Debt securities	13,269.54
Borrowings (other than debt securities)	44,347.93
Subordinate Liabilities	1,000.84
Other financial liabilities	1,571.66
Provisions	15.07
Other non-financial liabilities	9.42
Total liabilities transferred	**60,284.74**
Total Net assets transferred	**10,774.07**
Purchase consideration received	**11,000.00**
Gain on slump sale	225.93

35 Note on Amalgamation

RBI vide its letter dated 12 October 2021, granted a license to Centrum Financial Services Limited, a fellow subsidiary company to establish a small finance bank (SFB) as a part of revival/ reconstruction of Punjab and Maharashtra Co-operative Bank Limited (PMC Bank). One of the licensing conditions was that the Company shall cease its lending business and surrender its NBFC license on the date of commencement of business by Unity Small Finance Bank Limited.

Pursuant to the above, the Company transferred its lending business to Unity Small Finance Bank Limited as a going concern by way of a slump sale on 1 November 2021. Unity Small Finance Bank Limited has commenced its business w.e.f. 1 November 2021. Pursuant to the aforesaid, the Company has discontinued its lending business with effect from 1 November 2021. The Company has also applied for cancellation of Certificate of Registration (CoR) to the Reserve Bank of India (RBI) on 17 January 2022. .

The Board of Directors in their meeting dated 11th February 2022 approved the scheme of amalgamation of the Company with its 100% parent, Centrum Capital Limited. Post this, the Company has, together with Centrum Capital Limited, applied to the National Company Law Tribunal (NCTL) on 13 April 2022 for the amalgamation.

For the Year ending 31 March 2022, the Financial Statements of the company indicate that more than 50% of its Income and/or Assets is Financial (NBFC Test). However, since the Company has discontinued the lending business during the year and has sought cancellation of CoR from RBI pursuant to directive from the regulator, and filing of scheme of amalgamation with its 100% parent, the Company has not been treated as an NBFC as on 31 Mar 2022 in the Financial Statements.

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36 Employee benefit obligations

a) Defined contribution plans

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

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

₹ in lakh

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Provident fund*	84.22	138.88

*All the employees have been transferred to the Unity Small Finance Bank Limited w.e.f. 1 November 2021, therefore, the amount for the year ended March 2022 represents the charge for the period from April 2021 to October 2021.

b) Defined benefit plans

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

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

i) Balance sheet

₹ in lakh

Particulars	Present value of obligation	Fair value of plan assets	Net amount
As at 31st March, 2020	24.20	11.90	12.29
Current service cost	23.38	-	23.38
Interest expense/(income)	1.59	0.78	0.81
Return on plan assets	-	0.53	(0.53)
Actuarial loss / (gain) arising from change in financial assumptions	7.32	-	7.32
Actuarial loss / (gain) arising from change in demographic assumptions	(18.81)	-	(18.81)
Actuarial loss / (gain) arising on account of experience changes	(0.13)	-	(0.13)
Employer contributions	-	12.30	(12.30)
As at 31st March, 2021	37.76	25.51	12.25
Current service cost	9.35	-	9.35
Interest expense/income	0.94	0.63	0.31
Return on plan assets	-	0.39	(0.39)
Actuarial loss / (gain) arising from change in financial assumptions	(1.60)	-	(1.60)
Actuarial loss / (gain) arising from change in demographic assumptions	-	-	-
Actuarial loss / (gain) arising on account of experience changes	17.06	-	17.06
Employer contributions	-	21.90	(21.90)
Less : Balance transferred through slump sale	(63.49)	(48.43)	(15.06)
As at 31st March, 2022	-	-	-

₹ in lakh

Particulars	As at 31st March, 2022	As at 31st March, 2021
Present value of plan liabilities	-	37.76
Fair value of plan assets	-	25.51
Plan liability net of plan assets	-	12.25

Change in the fair value of plan assets :

₹ in lakh

Particulars	As at 31st March, 2022	As at 31st March, 2021
Fair value of plan assets at the beginning of the year	25.51	11.90
Interest income	0.63	0.78
Contributions by the employer	21.90	12.30
Benefits paid from the fund	-	-
Return on plan assets excluding interest income	0.39	0.53
Less : Balance transferred through slump sale	(48.43)	-
Fair value of plan assets at the end of the year	-	25.51

ii) Statement of Profit and loss

₹ in lakh

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Employee Benefit Expenses:*		
Current service cost	9.35	23.38
Total	9.35	23.38
Net interest cost	0.30	0.81
Net impact on the profit before tax	9.65	24.19
Remeasurement of the net defined benefit liability:		
Return on plan assets excluding amounts included in interest expense/income	(0.39)	(0.53)
Actuarial gains/(losses) arising from changes in demographic assumptions	0.00	(18.81)
Actuarial gains/(losses) arising from changes in financial assumptions	(1.60)	7.32
Actuarial gains/(losses) arising from changes in experience	17.06	(0.13)
Net impact on the other comprehensive income before tax	15.07	(11.95)

*All the employees have been transferred to the Unity Small Finance Bank Limited w.e.f. 1 November 2021, therefore, the amount for the year ended March 2022 represents the charge for the period from April 2021 to October 2021.

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iii) Defined benefit plans assets

₹ in lakh

Category of assets (% allocation)	As at 31st March, 2022	As at 31st March, 2021
Insurer managed funds		
- Government securities	-	-
- Insurance funds	-	26.31
- Deposit and money market securities	-	-
- Debentures / bonds	-	-
- Equity shares	-	-
Total	-	26.31

iv) Actuarial assumptions

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

Particulars	As at 31st March, 2022	As at 31st March, 2021
Expected Return on Plan Assets	4.60% p.a.	4.25% p.a.
Rate of Discounting	4.60% p.a.	4.25% p.a.
Salary escalation rate*	6.70% p.a.	7.00% p.a.
Rate of Employee Turnover	30.00% p.a.	30.00% p.a.
Mortality Rate During Employment	Indian Assured Lives Mortality (2012-14) Urban	Indian Assured Lives Mortality (2006-08) Ultimate

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

v) Demographic assumptions

Particulars	As at 31st March, 2022	As at 31st March, 2021
Mortality in Service	Indian Assured Lives Mortality (2012-14) Urban	Indian Assured Lives Mortality(2006-08) Ultimate

vi) Sensitivity

Year ended 31st March, 2021	Change in assumption	Impact on defined benefit obligation	
		Decrease	Increase
Discount rate	Delta Effect of +1%/-1% Change in Rate of Discounting	1.72	(1.61)
Rate of Employee Turnover	Delta Effect of +1%/-1% Change in Rate of Employee Turnover	1.27	(0.55)
Salary escalation rate	Delta Effect of +1%/-1% Change in Rate of Salary	(1.46)	2.36

Year ended 31st March, 2022	Change in assumption	Impact on defined benefit obligation	
		Decrease	Increase
Discount rate	Delta Effect of +1%/-1% Change in Rate of Discounting	-	-
Rate of Employee Turnover	Delta Effect of +1%/-1% Change in Rate of Employee Turnover	-	-
Salary escalation rate	Delta Effect of +1%/-1% Change in Rate of Salary	-	-

The sensitivity analysis have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The sensitivity analysis presented above may not be representative of the actual change in the projected benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the projected benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same method as applied in calculating the projected benefit obligation as recognised in the balance sheet.

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vii) Maturity (Analysis from the employer)

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

₹ in lakh

Particulars	As at 31st March, 2022	As at 31st March, 2021
1st Following Year	-	1.07
2nd Following Year	-	1.09
3rd Following Year	-	7.03
4th Following Year	-	7.78
5th Following Year	-	7.15
Sum of years 6 to 10	-	16.21
Sum of years 11 and above	-	4.82

The weighted average duration of the defined benefit obligation is 8 years (previous year : 11 years)

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

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

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

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

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

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

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

Characteristics of defined benefit plans

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

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

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27 Related party disclosure

(i) Key managerial personnel

Sr.No.	Name of the person	Designation	Date of Appointment
1	Ranjan Ghosh	Non-executive Director and Chairman	22nd March, 2017
2	Rishad Byramjee	Non-executive Director	22nd March, 2017
3	Shailendra Apte*	Non-executive Director	06th December, 2016
4	Suresh Krishna Kodihalli	Independent Director	08th February, 2018
5	Jayshree Venkatesan*	Independent Director	12th June, 2018
6	Subhash Kutte	Independent Director	20th August, 2020
7	Deepa Poncha	Non-executive director	05th November, 2020
8	Prashant Thakker*	Executive Director & CEO	01st June, 2019
9	Praveen Saha*	Manager	12th April, 2019
10	Hiren Vasa *	Chief Financial Officer	01st November, 2018
11	Asit Hemani*	Chief Financial Officer	05th November, 2020
12	Bhumika Jain*	Company Secretary	26th April, 2019
13	Mamta Khatri*	Company Secretary	24th August, 2021

* Mr. Hiren Vasa was designated as CFO upto 31 August, 2020.
Mr Asit Hemani appointed as CFO w.e.f 5th November 2020
Mr. Shailendra Apte was resigned as a director w.e.f 05 January, 2021. Ms. Jayshree Venkatesan resigned w.e.f 20 November, 2020
Mr. Praveen Saha resigned as a Manager w.e.f 01 November, 2020 and continues as the Business Head of the Company
Mr Prashant Thakker resigned as Executive Director & CEO w.e.f 31 January 2022
Ms Bhumika Jain resigned as CS w.e.f 23 August 2021 & Ms Mamta Khatri appointed as CS w.e.f 24 August 2021
Non-executive directors have no pecuniary relationship with the Company, except receiving sitting fees for the meetings attended and those disclosed below.

Key Managerial Personnel - Mr. Ranjan Ghosh	For the year ended March 31, 2022 ₹ in lakh	For the year ended March 31, 2021 ₹ in lakh
Share based payments(Number of options granted in lakh)	-	3.50

Key Managerial Personnel - Mr. Prashant Thakker	For the year ended March 31, 2022 ₹ in lakh	For the year ended March 31, 2021 ₹ in lakh
a. Remuneration Paid	457.22	87.50
b. Share based payments(Number of options granted in lakh)	-	7.00

Key Managerial Personnel - Mr. Praveen Saha	For the year ended March 31, 2022 ₹ in lakh	For the year ended March 31, 2021 ₹ in lakh
a. Remuneration Paid	NA	29.00
b. Share based payments(Number of options granted in lakh)	NA	-

Key Managerial Personnel - Mr. Hiren Vasa	For the year ended March 31, 2022 ₹ in lakh	For the year ended March 31, 2021 ₹ in lakh
a. Remuneration Paid	NA	7.50
b. Share based payments(Number of options granted in lakh)	NA	-

Key Managerial Personnel - Mr. Asit Hemani	For the year ended March 31, 2022 ₹ in lakh	For the year ended March 31, 2021 ₹ in lakh
Remuneration Paid	30.13	15.65

Key Managerial Personnel - Ms. Mamta Khatri	For the year ended March 31, 2022 ₹ in lakh	For the year ended March 31, 2021 ₹ in lakh
Remuneration Paid	1.50	-

(ii) Other related parties

Nature of relationship	Name of the party
Holding Company	Centrum Capital Limited
Fellow subsidiaries	Centrum Retail Services Limited Centrum Financial Services Limited Centrum Housing Finance Limited Centrum Wealth Limited Centrum Broking Limited Centrum Insurance Brokers Limited Unity Small Finance Bank Limited
Enterprises where key managerial personnel of the Holding Company is involved	BG Advisory Services LLP Club7 Holidays Limited

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Notes to the financial statements for the year ended 31 March 2022

a) Transactions during the year

₹ in lakh

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Capital Contribution (Notional charge on account of Corporate Guarantees)		
Centrum Capital Limited	16.03	6.13
Issue of compulsorily convertible debentures		
Centrum Capital Limited (Refer note below)	-	500.00
Issue of Non Convertible Redeemable Cumulative Preference shares		
Centrum Capital Limited	-	500.00
Issue of Non convertible debentures (Private Placement)		
Centrum Wealth Limited	5,000.00	-
Consideration received in cash on slump sale of undertaking		
Unity Small Finance Bank Limited	11,000.00	-
Loans given		
Centrum Retail Services Limited (Inter-corporate deposit)	-	500.00
Centrum Capital Limited (Inter-corporate deposit)	7,450.00	-
Centrum Financial Services Limited (Inter-corporate deposit)	4,800.00	400.00
Repayments received against loans given		
Centrum Retail Services Limited (Inter-corporate deposit)	-	600.00
Centrum Financial Services Limited (Inter-corporate deposit)	-	400.00
Centrum Capital Limited (Inter-corporate deposit)	1,140.00	-
Loans taken		
Centrum Capital Limited (Inter-corporate deposit)	-	1,300.00
Loans repaid		
Centrum Capital Limited	-	1,300.00
Corporate guarantee received		
Centrum Capital Limited	11,500.00	319.00

Note : During the year ended 31 March, 2021, the Company had issued Compound Financial Instruments amounting to ₹ 500 lakh at 10% interest payable quarterly for a tenure of 5 years which includes a liability component and an equity component. The instrument shall be converted into equity at the end of the tenure i.e.5 years from the date of allotment. The equity component has been shown under other equity amounting to ₹375.38 lakh and the liability component amounting to ₹107.77 lakh has been shown in note no 20. The corresponding amount as on 31 March 2022 was ₹ 47.71 lakh.

b) Income/Expense booked during the year

₹ in lakh

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Income		
Interest Income		
Centrum Financial Services Limited	245.12	1.99
Centrum Capital Limited	367.59	
Centrum Retail Services Limited	-	30.52
Expenses		
Interest expenses		
Centrum Financial Services Limited	-	225.00
BG Advisory Services LLP	-	45.00
Centrum Capital Limited (Inter-corporate deposit)	-	15.33
Centrum Capital Limited (compulsorily convertible debentures)	420.00	-
Centrum Capital Limited (Compulsorily Convertible Debentures - Compound Financial Instrument)*	75.00	4.33
Fees		
Centrum Wealth Limited (Brokerage & Commission)	195.00	-
Centrum Capital Limited(amortisation of corporate guarantee fee)	6.85	8.08
Dividend on Non Convertible Redeemable Cumulative Preference shares		
Centrum Capital Limited	90.00	0.25
Rent		
Centrum Retail Services Limited	0.50	1.01
Centrum Financial Services Limited	0.05	0.09
Trademark Expenses		
Centrum Capital Limited	5.83	10.00
Group Allocation expenses		
Centrum Retail Services Limited	58.33	100.00
Reimbursement of expenses incurred on behalf of the Company		
Centrum Broking Limited	-	1.05

Note : All the income / expenses reported are exclusive of GST.

*The interest cost represents the amount paid in cash (gross of TDS) on Compulsorily Convertible Debentures- Compound Financial Instrument.

c) Balances at end of year

₹ in lakh

Particulars	As at 31st March, 2022	As at 31st March, 2021
Debt securities		
Centrum Capital Limited (compulsorily convertible debentures)	3,500.00	-
BG Advisory Services LLP (compulsorily convertible debentures)	-	300.00
Centrum Financial Services Limited (compulsorily convertible debentures)	-	1,500.00
Centrum Capital Limited (Non Convertible Redeemable Cumulative Preference shares)	500.00	500.00
Dividend payable on NCRCPS - Centrum Capital Limited (Accrued but not due)	15.04	0.25
Loan assets		
Centrum Capital Limited (Inter-corporate deposit)	6,310.00	-
Centrum Financial Services Limited (Inter-corporate deposit)	4,800.00	-
Trade payables		
Club7 Holidays Limited	-	0.02
Centrum Capital Limited	-	11.05
Centrum Broking Limited	-	0.50
Centrum Financial Services Limited	-	6.03
Corporate guarantee outstanding provided by holding company*		
Centrum Capital Limited	-	5,721.16

* The amount of corporate guarantee represents the guarantee given by Holding Company towards the outstanding borrowings of the Company as on 31st March, 2021 The difference in the balances is on account of repayments made during the year and additional guarantee received as disclosed above.

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38. Employee Stock Option Plan

EMPLOYEES INCENTIVE SCHEME (EIS)

This scheme "the CML Employee Incentive Scheme"("CML EIS" or "the Scheme") forms a part of the CML Employees Incentive Plan ("CML EIP" or "the Plan"), as amended from time to time.
The"Scheme" has been approved in the following manner

Scheme	Date of approval by board via special resolution	Date of which scheme has been notified to the board
CML Employee Incentive Scheme - Series I	22nd May, 2019	29th April, 2019
CML Employee Incentive Scheme - Series II	22nd May, 2019	29th April, 2019
CML Employee Incentive Scheme - Series III	18th September, 2020	20th August, 2020

a. The Company has provided following share based options to its employees:

Particulars	CML EIS - Scheme I	CML EIS - Scheme II	CML EIS - Scheme III
Date of the grants	06-11-2019, 28-11-2020 & 01-04-2021	06-11-2019 & 28-11-2020	20-11-2020, 22-02-2021 & 03-08-2021
Date of board meeting, where the EIS Plan was approved	29-04-2019	29-04-2019	20-08-2020
Date of committee meeting where grant of options were approved	05-11-2019, 05-11-2020	05-11-2019 & 05-11-2020	05-11-2020,01-02-2021 & 03-08-2021
Date of shareholders' approval	20-05-2019	20-05-2019	18-09-2020
No. of options granted	19,02,000	8,50,000	15,25,000
Method of settlement	Equity	Equity	Equity
Vesting conditions	The actual vesting of options will depend on continuation to hold the services being provided to the Company at the time of exercise of options and such other conditions as mentioned in the Scheme.	The actual vesting of options will depend on continuation to hold the services being provided to the Company at the time of exercise of options and such other conditions as mentioned in the Scheme.	The actual vesting of options will depend on continuation to hold the services being provided to the Company at the time of exercise of options and such other conditions as mentioned in the Scheme.
Vesting period (Years)	2.59, 3, 4	2.59, 3, 5	20% every year for 5 years
Exercise period (Years)	4	4	3

Details of Vesting and Exercise of Options

Scheme	Vested options	No of options exercised
CML EIS - Scheme I	-	-
CML EIS - Scheme II	-	-
CML EIS - Scheme III	-	-

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i. The details of ESS Schemes are summarised below:

Particulars	For the year ended March 31, 2022 CML ESS - Scheme I		For the year ended March 31, 2022 CML ESS - Scheme II		For the year ended March 31, 2022 CML ESS - Scheme III	
	No. of Options	Weighted average exercise price (₹)	No. of Options	Weighted average exercise price (₹)	No. of Options	Weighted average exercise price (₹)
Outstanding options at the beginning of the year	15,00,000	10.00	5,75,000	10.00	7,50,000	10.00
Granted during the year	3,00,000	10.00	-	10.00	7,75,000	10.00
Forfeited during the year	(18,00,000)	-	(5,75,000)	-	(15,25,000)	-
Exercised during the year	-	-	-	-	-	-
Number of shares arising as a result of exercise of options	-	-	-	-	-	-
Outstanding options at the end of the year	-	-	-	-	-	-
Exercisable at the end of the year	-	-	-	-	-	-
Weighted average fair value of the options exercisable	-	-	-	-	-	-

ii. Weighted average exercise price of option during the year ended 31st March, 2022: ₹ 10.00 (31st March, 2021: ₹ 10.00)

iii. The detail of exercise price for stock option at the end of the financial year 2021-22 is:

Series	Range of exercise price	No. of options outstanding for exercise	Weighted average remaining contractual life of options (in Years)	Weighted average exercise price
CML - ESS Series I	₹10.00 per option	-	-	-
CML - ESS Series II	₹10.00 per option	-	-	-
CML - ESS Series III	₹10.00 per option	-	-	-

iv. The fair value of the options granted is determined on the date of the grant using the "Black-Scholes option pricing model" with the following assumptions, as certified by an independent valuer:

Particulars	Grant Date	Share Price as on grant date (₹ per share)	Exercise Price (₹ per share)	Expected Volatility Annualised Volatility %	Expected Life in Years	Risk-free interest rate (based on Government Bonds)	Fair value as on grant date (₹ per share)
CML - ESS Series I							
Vesting date 08 November, 2023	08-11-2019	10.00	10.00	17.23%	8	6.82%	4.44
Vesting date 08 November, 2022	08-11-2019	10.00	10.00	18.41%	7	6.84%	4.13
Vesting date 30 June, 2023	26-11-2020	10.00	10.00	21.55%	7	5.78%	3.61
Vesting date 01 April, 2025	01-04-2021	10.00	10.00	31.42%	8	6.41%	4.97
CML - ESS Series II							
Vesting date 08 November, 2024	08-11-2019	10.00	10.00	26.67%	9	6.75%	4.54
Vesting date 30 June, 2023	26-11-2020	10.00	10.00	21.55%	7	5.76%	3.61
CML - ESS Series III							
Vesting date 20 November, 2021	20-11-2020	10.00	10.00	14.95%	4	4.78%	2.15
Vesting date 20 November, 2022	20-11-2020	10.00	10.00	13.87%	5	5.09%	2.65
Vesting date 20 November, 2023	20-11-2020	10.00	10.00	14.23%	6	5.70%	3.15
Vesting date 20 November, 2024	20-11-2020	10.00	10.00	19.81%	7	5.80%	3.86
Vesting date 20 November, 2025	20-11-2020	10.00	10.00	18.76%	8	5.94%	4.20
Vesting date 22 February, 2022	22-02-2021	10.00	10.00	7.70%	4	5.04%	2.05
Vesting date 22 February, 2023	22-02-2021	10.00	10.00	11.22%	5	5.77%	2.64
Vesting date 22 February, 2024	22-02-2021	10.00	10.00	28.32%	6	6.17%	3.63
Vesting date 22 February, 2025	22-02-2021	10.00	10.00	28.05%	7	6.31%	4.56
Vesting date 22 February, 2026	22-02-2021	10.00	10.00	28.35%	8	6.46%	4.88
Vesting date 03 May, 2022	03-05-2021	10.00	10.00	22.40%	4	5.37%	2.47
Vesting date 03 May, 2023	03-05-2021	10.00	10.00	21.63%	5	5.57%	2.88
Vesting date 03 May, 2024	03-05-2021	10.00	10.00	22.85%	6	6.05%	3.53
Vesting date 03 May, 2025	03-05-2021	10.00	10.00	22.80%	7	6.18%	3.61
Vesting date 03 May, 2026	03-05-2021	10.00	10.00	21.71%	8	6.33%	4.28

The historical data of NIFTY for Finance sector as available on the stock exchange had been used to draw the volatility for the purpose of fair value calculation.

v. The Company has recognised reversal of share based payment expense of ₹ 32.15 Lakh (March 31, 2021: Expense of ₹ 28.48 Lakh) during the year.

39 Financial risk management
The Company's activities exposed it to market risk, liquidity risk and credit risk.

Risk	Exposure arising from	Risk Measurement	Risk Management
Credit risk	Cash and cash equivalents (excluding cash on hand), other bank balances, investments, loan assets, trade and other receivables and other financial assets	Ageing analysis credit ratings, credit limits	Loans are given primarily under JLG(Joint Liability Group) model. Client on boarding process, recovery process. Fixed deposits with highly rated banks/financial institutions
Liquidity risk	Borrowings, debt securities, subordinated liabilities, trade payables and other financial liabilities	Cash flow forecasts	Committed borrowings and other credit facilities, securitisation and assignment of loan assets (whenever required) and Asset Liability Management
Market risk - interest rate	Changes in interest rate of variable rate borrowings, debt securities and subordinated liabilities	Sensitivity analysis	Review of cost of funds and pricing disbursement
Market risk - security prices	Investments in mutual funds	Sensitivity analysis	Portfolio diversification

The Company's Board of Directors have the overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors have established the Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the Board of Directors on its activities.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to the limits. The risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The audit committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The audit committee is assisted in its oversight role by the internal audit team. The internal audit team undertake both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

a) Credit risk management
Credit risk is the risk that the Company will incur a loss because its customers or counterparties fail to discharge their contractual obligations. The Company's exposure to credit risk is influenced mainly by cash and cash equivalents (excluding cash on hand), other bank balances and deposits with banks / financial institutions, investments, loan assets, trade and other receivables and other financial assets carried at amortised cost. The Company continuously monitors defaults of customers and other counterparties and incorporates this information into its credit risk controls. Based on business environment in which the Company operates, a default on a financial asset is considered when the counter party fails to make payments within the agreed time period as per contract.
Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers or counterparties.

i) Credit risk management
The Company considers probability of default upon initial recognition of asset and whether there has been any significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Company compares the risk of default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available, reasonable and supportive forward-looking information.
Definition of Default
A default on a financial asset is considered when the counterparty fails to make the contractual payments within 90 days of the due date. Such financial assets are considered under Stage 3 (credit impaired) for the purpose of ECL calculation. This definition of default is determined by considering the business environment in which the Company operates and other macro-economic factors.

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i) Provision for expected credit losses

Risk category

a) Low risk : Risk associated with financial assets classified under Stage 1 for the purpose of ECL calculation

b) Medium risk : Risk associated with financial assets classified under Stage 2 for the purpose of ECL calculation

c) High risk : Risk associated with financial assets classified under Stage 3 for the purpose of ECL calculation

As at 31st March, 2022

₹ in lakh

Particulars	Risk category	Asset group	Estimated exposure carrying amount at default	Expected credit losses (as per Ind AS)
Loss allowance measured at 12 month expected credit losses	Low risk	Loans	11,179.00	3.35
Loss allowance measured at life-time expected credit losses	Medium risk	Loans	-	-
Credit loss is recognized on full exposure/ asset is written-off	High risk	Loans	-	-
Provision kept				3.35

As at 31st March, 2021

₹ in lakh

Particulars	Risk category	Asset group	Estimated exposure carrying amount at default	Expected credit losses (as per Ind AS)
Loss allowance measured at 12 month expected credit losses	Low risk	Loans	41,053.36	567.20
Loss allowance measured at life-time expected credit losses	Medium risk	Loans	2,170.66	28.63
Credit loss is recognized on full exposure/ asset is written-off	High risk	Loans	396.96	331.88
Provision kept				927.71

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Notes to the financial statements for the year ended 31 March 2022

Cash and cash equivalents

Cash and cash equivalents include balance of ₹ 3.05 lakh as at 31 March, 2022 (as at 31st March, 2021: ₹ 3,037.31 lakh) is maintained as cash in hand and balances with banks/ financial institutions in current/deposit accounts.

Collaterals held

As of 31st March 2022, the Company only had exposure in ICDs placed with group companies since the microfinance business was transferred through slump sale during the year. As of 31st March, 2021, all the exposure of the Company's loans were in unsecured portfolio except for assigned loans from related party. Till 31 October 2021, the Company provided microcredit to the un-served and under-served in urban, semi-urban and rural areas which were unsecured in nature.

All borrowers were required to meet the Company's internal credit assessment procedures, regardless of the nature of the loan.

Loans and advances/ investments at amortised cost

The Company had a major business in lending towards un-secured micro credit loans. Since these loans were un-secured, a general creditworthiness of a customer was considered to be the most relevant indicator of credit quality of a loan extended to them.

Other types of collateral and credit enhancements

The Company provided microcredits to low income individuals. The Company assessed the financial aspects as well as the risks of the operation. The aim of credit scoring was to assess the creditworthiness of the applicant.

As at 31st March 2022, the Company did not hold any financial instruments for which no loss allowance was recognised because of collateral. During the period, there were no collateral policies issued by the Company.

Measurement of Expected Credit Losses

The Company has applied a three-stage approach to measure expected credit losses (ECL) on debt instruments accounted for at amortised cost. The assets migrate through following three stages based on the changes in credit quality since initial recognition:

(a) Stage 1(0-30 DPD): 12- months ECL: For exposures where there is no significant increase in credit risk since initial recognition and that are not credit-impaired upon origination, a 12- months ECL is recognized.

(b) Stage 2(31-90 DPD): Lifetime ECL, not credit-impaired: For credit exposures where there has been a significant increase in credit risk since initial recognition but are not credit-impaired, a lifetime ECL is recognized.

(c) Stage 3(more than 90 DPD): Lifetime ECL, credit-impaired: Financial assets are assessed as credit impaired upon occurrence of one or more events that have a detrimental impact on the estimated future cash flows of that asset. For financial assets that have become credit-impaired, a lifetime ECL is recognized and interest revenue is calculated by applying the effective interest rate on the amortised cost net of ECL.

At each reporting date, the Company assesses whether there has been a significant increase in credit risk of its financial assets since initial recognition by comparing the risk of default occurring over the expected life of the asset. In determining whether credit risk has increased significantly since initial recognition, the Company uses information that is relevant and available without undue cost or effort. This includes the Company's historical data of the borrowers and forward-looking information to assess deterioration in credit quality of a financial asset.

The Company assesses whether the credit risk on a financial asset has increased significantly on an individual and collective basis. For the purpose of collective evaluation of impairment, financial assets are grouped on the basis of shared credit risk characteristics, taking into account instrument type, date of initial recognition, remaining term to maturity, industry, geographical location of the borrower and other relevant factors. For the purpose of individual evaluation of impairment factors, internally collected data on customer payment records are considered.

In determining whether the credit risk on a financial asset has increased significantly, the Company considers the change in the risk of a default occurring since initial recognition. The default definition used for such assessment is consistent with that used for internal credit risk management purposes.

The Company considers defaulted assets as those which are contractually past due 90 days, other than those assets where there is empirical evidence to the contrary. Financial assets which are contractually past due 30 days upto 90 days are classified under Stage 2 - life time ECL, not credit impaired, barring those where there is empirical evidence to the contrary. An asset migrates down the ECL stage based on the change in the risk of a default occurring since initial recognition. If in a subsequent period, credit quality improves and reverses any previously assessed significant increase in credit risk since origination, then the loan loss provision stage reverses to 12-months ECL from lifetime ECL.

The Company measures the amount of ECL on a financial instrument in a way that reflects an unbiased and probability-weighted amount. The Company considers its historical loss experience and adjusts the same for current observable data. The key inputs into the measurement of ECL are the probability of default, loss given default and exposure at default. These parameters are derived from the Company's internally developed statistical models and other historical data.

Probability of Default (PD)

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

Loss Given Default (LGD)

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

Exposure at default (EAD)

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

Macroeconomic Scenarios

In addition, the Company uses reasonable and supportable information on future economic conditions including macroeconomic factors such as inflation rate. Since incorporating these forward looking information increases the judgment as to how the changes in these macroeconomic factor will affect ECL, the methodology and assumptions are reviewed regularly.

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(ii) Reconciliation of loss allowance provision

For loans

(₹ in lakh)

Reconciliation of loss allowance	Loss allowance measured at 12 month expected losses	Loss allowance measured at life-time expected losses	
		Financial assets for which credit risk has increased significantly and not credit-impaired	Financial assets for which credit risk has increased significantly and credit-impaired
Loss allowance on 31st March, 2020	237.79	0.25	117.34
Changes in loss allowances due to			
ECL during the year/ (reversal)	329.41	28.37	215.14
Write – offs		-	(0.60)
Loss allowance on 31st March, 2021	**567.20**	**28.62**	**331.88**
Changes in loss allowances due to			
ECL during the year/ (reversal)	(154.34)	113.86	66.44
Write – offs			(280.20)
Transferred through slump sale	(409.50)	(142.48)	(118.13)
Loss allowance on 31st March, 2022	3.35	-	-

Write-offs still under enforcement

The assets are written off when there is no reasonable expectation of recovery. The Company continues to engage with parties whose balances are written off and attempts to enforce repayment. Recoveries made are recognised in the statement of profit and loss. For FY2022 the reported amount of recoveries against loans written off is ₹ 0.13 lakh (FY2021 : ₹ 0.19 lakh).

Significant increase in credit risk

Based on business environment in which the Company operates, a default on a financial asset is considered when the counter party fails to make payments within the agreed time period as per contract. The Company assesses and manages credit risk based on movement of borrowers between stages as defined, historical data of the borrowers and forward looking information. The Company has established a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties.

Forward looking information

In lieu of the transfer of the lending business, as on 31 March 22 the company only has exposure to group company therefore the impact of COVID-19 is consider negligible.

b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Due to the dynamic nature of the underlying business, Company's treasury maintains flexibility in funding by maintaining availability under committed credit lines.

Financing arrangements

The Company has access to the following undrawn borrowing facilities at the end of the reporting period:

(₹ in lakh)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Undrawn borrowing facilities	-	400.00

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Notes to the financial statements for the year ended 31 March 2022

The below table analyses the Company's non-derivative financial liabilities and financial assets into relevant maturity groupings based on the remaining period as at the reporting date to the contractual maturity date. The amounts disclosed in the below table are the contractual un-discounted cash flows and exclude the impact of netting agreements and future interest payments.

As at 31st March, 2022 (₹ in lakh)

Particulars	Carrying amount	Contractual cash flows				
		upto 3 months	3 to 6 months	6 to 12 months	1 year to 3 years	Over 3 years
Non-derivative financial liabilities						
Payables	7.50	7.50	-	-	-	-
Debt securities	2,847.71	-	16.63	331.08	2,000.00	500.00
Borrowings (other than debt securities)	-	-	-	-	-	-
Subordinate Liabilities	515.04	-	-	-	-	515.04
Other financial liabilities	-	-	-	-	-	-
	3,370.25	7.50	16.63	331.08	2,000.00	1,015.04
Non-derivative financial assets						
Cash and cash equivalents	3.05	3.05	-	-	-	-
Bank balance other than cash and cash equivalents above	-	-	-	-	-	-
Receivables	-	-	-	-	-	-
Loans	11,179.00	-	-	11,179.00	-	-
Other financial assets	-	-	-	-	-	-
	11,182.05	3.05	-	11,179.00	-	-

As at 31st March, 2021 (₹ in lakh)

Particulars	Carrying amount	Contractual cash flows				
		upto 3 months	3 to 6 months	6 to 12 months	1 year to 3 years	Over 3 years
Non-derivative financial liabilities						
Payables	128.97	126.57	2.40	-	-	-
Debt securities	14,837.85	2,682.52	1,898.30	2,273.36	2,775.00	5,208.67
Borrowings (other than debt securities)	24,789.14	6,730.05	4,841.71	7,282.41	5,934.97	-
Subordinate Liabilities	1,501.18	0.93	-	0.25	-	1,500.00
Other financial liabilities	1,884.18	1,865.84	3.01	6.29	9.04	-
	43,141.30	11,405.92	6,745.42	9,562.31	8,719.01	6,708.67
Non-derivative financial assets						
Cash and cash equivalents	3,037.31	3,037.31	-	-	-	-
Bank balance other than cash and cash equivalents above	2,107.04	651.32	436.97	718.80	299.95	-
Receivables	9.53	9.53	-	-	-	-
Loans	43,607.47	8,733.40	7,817.09	13,406.06	13,371.80	410.62
Other financial assets	184.06	84.39	35.25	9.45	42.25	12.73
	48,966.92	12,866.04	8,289.31	14,134.08	13,613.80	423.35

c. Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

i) Price risk

Price risk exposes the Company to fluctuations in fair values or future cash flows of a financial instrument because of changes in market prices whether those changes are caused by factors specific to the individual financial instrument or its issuer or by factors affecting all similar financial instruments traded in the market.
The Company is not exposed to price risk as at 31st March, 2022 and 31st March, 2021 since the Company did not have any investments as on these reporting dates.

ii) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.
The Company is not exposed to currency risk as at 31st March, 2022 and 31st March, 2021

iii) Interest rate risk

The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to variable cash flows due to interest rate risk.
The Company's fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

Exposure to interest rate risk

The interest rate profile of the Company's variable interest-bearing financial instruments is as follows.

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(₹ in lakh)

Particulars	As at March 31, 2022	As at March 31, 2021
Variable-rate instruments		
Financial assets	-	
Financial liabilities	-	6,407.52

All the financial assets and financial liabilities other than those reported above, of the Company are at a fixed rate.

Sensitivity

Profit or loss is sensitive to higher/ lower interest expense from borrowings as a result of changes in interest rates.

(₹ in lakh)

Particulars	Impact on profit before tax	
	For the year ended March 31, 2022	For the year ended March 31, 2021
Interest rates – increase by 100 basis points (+ 1 %)*	-	(64.08)
Interest rates – decrease by 100 basis points (- 1%)*	-	64.08

* Holding all other variables constant

Centrum Microcredit Limited

Notes to the financial statements for the year ended 31 March 2022

40 Capital

The Company has discontinued the NBFC-MFI business w.e.f. 1 November 2021.

During the period from 1 April 2021 till 31 October 2021, the Company operated as an NBFC-MFI. During this period the Company had managed its capital and complied with the regulatory requirements as were applicable.

The Company's objectives when managing capital were to:

1. Safeguard it's ability to continue as a going concern, so that it can continue to provide returns to shareholders and benefits to other stakeholders, and
2. Maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Company determined the capital requirement based on annual operating plans and long-term and other strategic investment plans. The funding requirements were met through fundings and operating cash flows generated.

As an NBFC-MFI, the RBI required the Company to maintain a minimum capital to risk weighted assets ratio ("CRAR") consisting of Tier I and Tier II capital of 15% of the aggregate risk weighted assets. Further, the total of the Tier II capital cannot exceed 100% of the Tier I capital at any point of time. The capital management process of the Company ensured to maintain a healthy CRAR at all the times.

The Company had complied with the RBI notification number RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated 13th March,2020,"Implementation of Indian Accounting Standards".

For disclosure related to CRAR, refer note 32c.

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Notes to the financial statements for the year ended 31 March 2022

41 Maturity analysis of assets and liabilities

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

(₹ in lakh)

Particulars	As at 31st March, 2022			As at 31st March, 2021		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Assets						
Financial assets						
Cash and cash equivalents	3.05	-	3.05	3,037.31	-	3,037.31
Bank balance other than cash and cash equivalents above	-	-	-	1,807.49	299.55	2,107.04
Receivables	-	-	-	9.53	-	9.53
Loans	11,175.65	-	11,175.65	29,304.19	13,389.32	42,693.51
Other financial assets	-	-	-	129.08	54.98	184.06
Non-financial assets						
Current tax assets (net)	-	-	-	-	154.21	154.21
Property, plant and equipment	-	-	-	-	94.00	94.00
Right of Use - Premises	-	-	-	-	21.18	21.18
Goodwill	-	-	-	-	2,501.35	2,501.35
Intangible Assets	-	-	-	-	6.40	6.40
Other non-financial assets	0.40	-	0.40	75.72	-	75.72
Total assets	11,179.10	-	11,179.10	34,363.32	16,522.97	50,886.29
Liabilities						
Financial liabilities						
Trade payables	-	-	-	-	-	-
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-	5.14	-	5.14
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	7.50	-	7.50	123.83	-	123.83
Debt securities	347.71	2,500.00	2,847.71	6,746.70	7,887.90	14,634.60
Borrowings (other than debt securities)	-	-	-	18,794.60	5,899.32	24,693.92
Subordinate Liabilities	15.04	500.00	515.04	1.18	1,500.00	1,501.18
Other financial liabilities	-	-	-	1,875.13	9.05	1,884.17
Non-financial Liabilities						
Current tax liabilities (net)	38.34	-	38.34			
Provisions	-	-	-	12.25	-	12.25
Deferred tax liabilities (Net)	-	-	-	-	121.90	121.90
Other non-financial liabilities	-	-	-	77.47	-	77.47
Total liabilities	406.59	3,000.00	3,406.59	27,636.30	15,418.17	43,054.47
Net	10,772.51	(3,000.00)	7,772.51	6,727.02	1,104.80	7,831.82

42 Change in liabilities arising from financing activities

(₹ in lakh)

Particulars	As at 31st March, 2020	Cash flows	Others	As at 31st March, 2021	Cash flows	Others	As at 31st March, 2022
Debt securities including interest accrued thereon	13,091.22	6,749.49	(5,206.10)	14,634.60	1,777.18	(13,564.07)	2,847.71
Borrowings other than debt securities including interest accrued thereon	29,300.85	(11,662.57)	7,055.55	24,693.92	20,114.83	(44,808.75)	-
Subordinated liabilities	1,005.38	500.00	(4.21)	1,501.18	-	(986.14)	515.04
Lease liabilities	11.46	(19.80)	29.85	21.52	(7.69)	(13.83)	-
Total liabilities from financing activities	43,409.01	(4,432.88)	(1,124.91)	40,851.22	21,884.32	(59,372.79)	3,362.75

Centrum Microcredit Limited

Notes to the financial statements for the year ended 31 March 2022

43 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly observable or estimated using a valuation technique.

Financial Instrument by Category

₹ in lakh

Particulars	As at 31st March, 2022			As at 31st March, 2021		
	Fair Value through profit or loss	Fair Value through other comprehensive income	Amortised Cost	Fair Value through profit or loss	Fair Value through other comprehensive income	Amortised Cost
Financial Assets						
Cash and cash equivalents	-	-	3.05	-	-	3,037.31
Bank balance other than cash and cash equivalents above	-	-	-	-	-	2,107.04
Trade receivables	-	-	-	-	-	8.53
Loans	-	-	11,175.65	-	-	42,692.51
Other financial assets	-	-	-	-	-	184.08
Total Financial Assets	-	-	11,178.70	-	-	48,031.46
Financial Liabilities						
Trade payables	-	-	7.50	-	-	128.27
Debt securities	-	-	2,847.71	-	-	14,634.60
Borrowings (other than debt securities)	-	-	-	-	-	24,090.92
Subordinated Liabilities	-	-	515.04	-	-	1,501.18
Other financial liabilities	-	-	-	-	-	1,884.18
Total Financial Liabilities	-	-	3,370.26	-	-	42,842.89

Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the Indian Accounting Standard. An explanation of each level follows underneath the table.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

Fair value of financial instruments not measured at fair value

Set out below is a comparison, by class, of the carrying amounts and fair values of the Company's financial instruments that are not carried at fair value in the financial statements. This table does not include the fair values of non-financial assets and non-financial liabilities.

₹ in lakh

Financial assets and liabilities measured at amortised cost for which fair value is disclosed	Fair value hierarchy	As at 31st March, 2022		As at 31st March, 2021	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets					
Cash and cash equivalents	Level 1	3.05	3.05	3,037.31	3,037.31
Bank balance other than cash and cash equivalents above	Level 2	-	-	2,107.04	2,107.04
Receivables					
(i) Trade receivables	Level 3	-	-	8.53	8.53
(ii) Other receivables		-			
Loans	Level 3	11,175.65	11,175.65	42,692.51	42,692.51
Other financial assets	Level 3	-	-	184.08	184.08
Financial liabilities					
Payables					
(i) Trade payables	Level 3	7.50	7.50	128.27	128.27
(ii) Other Payables		-			
Debt securities	Level 2	2,847.71	2,847.71	14,634.60	14,634.60
Borrowings (other than debt securities)	Level 2	-	-	24,090.92	24,090.92
Subordinate liabilities	Level 2	515.04	515.04	1,501.18	1,501.18
Other financial liabilities	Level 3	-	-	1,884.18	1,884.18

Notes:

The carrying amounts of cash and cash equivalents, bank balances other than cash and cash equivalents, receivables, other financials assets, payables, short term borrowings and other financial liabilities are considered to be approximately equal to their fair values due to their short term nature.

[illegible] methodologies of financial instruments not measured at fair value

[illegible] of loans and receivables, borrowings, debt securities and subordinate liabilities are calculated using a portfolio-based approach, grouping loans as far as possible into homogenous groups based on similar [illegible]. This fair value is then reduced by impairment allowance which is already calculated incorporating probability of defaults and loss given defaults to arrive at fair value net of risk.

There are [illegible] between levels 1 and 2 during the year. Similarly, there were no transfers from or transfer to level 3.

44 Leases

The following is the movement in lease liabilities

(₹ in lakh)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Balance as at the beginning of the year	21.52	11.46
Additions during the year	-	17.94
Finance cost accrued during the year	1.08	1.83
Deletions during the year	-	-
Rent paid in advance	-	10.09
Payment of lease liabilities during the year	(7.89)	(19.60)
Transferred through Slump Sale	(14.71)	-
Balance as at the end of the year	-	21.52

The table below provides details regarding the contractual maturities of lease liabilities on an undiscounted basis

(₹ in lakh)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Less than one year	-	13.67
One to five years	-	9.90
More than five years	-	-
Total	-	23.57

The amounts considered above are actual cash outflows. The lease liability in the balance sheet is the present value of these amounts as on the reporting date.

The following is the movement in right of use assets:

(₹ in lakh)

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
Depreciation on Right of use assets	7.61	19.12
Interest expense on lease liability	1.08	1.83
Total cash outflow for leases (rental payments)	7.89	19.60
Additions to Right of Use assets*	-	19.38
Carrying value of Right of Use assets**	-	21.16

*This includes right of use assets created on account of security deposits.

** Carrying value of Right of Use assets transferred through slump sale, hence as on 31 March 2022 is nil. (Refer note 54)

As at 31st March, 2022

(₹ in lakh)

Particulars	Carrying amount	upto 3 months	3 to 6 months	6 to 12 months	1 year to 3 year	Over 3 year
Lease liabilities	-	-	-	-	-	-

As at 31st March, 2021

(₹ in lakh)

Particulars	Carrying amount	upto 3 months	3 to 6 months	6 to 12 months	1 year to 3 year	Over 3 year
Lease liabilities	23.57	3.49	3.30	6.88	9.90	-

The amounts considered above are actual cash outflows. The lease liability in the balance sheet is the present value of these amounts as on the reporting date.

The Company had taken various office premises under lease. Certain agreements provide for cancellation by either party or certain agreements contain clause for escalation and renewal of agreements. The non-cancellable operating lease agreements are ranging for a period of 3 months to 60 months. There are no restrictions imposed by lease arrangements.

The borrowing rate of 10% has been applied to lease liabilities recognised in the balance sheet as at the reporting date.

The Company does not have any lease liabilities at end of the year.

45 Goodwill Impairment Testing

a. Goodwill

₹ in lakh

Particulars	As at 31st March, 2022	As at 31st March, 2021
Balance at the beginning of the year	2,501.35	2,501.35
Goodwill arising on acquisitions	-	-
Transferred through slump sale	(2,501.35)	
Balance at the end of the year	-	2,501.35

b. Goodwill impairment assessment

The Company tests whether goodwill has suffered any impairment on an annual basis and when the circumstances indicate that the carrying value may be impaired. The recoverable amount of the cash generating unit (CGU) was determined based on the higher of the CGU's (Cash generating unit's) fair value less costs of disposal and its value-in-use, the calculations of which require the use of assumptions. The calculations of the value in use consider the cash flow projections based on financial budgets approved by the management covering a five-year period. Cash flows beyond the five-year period are extrapolated using estimated growth rate. Fair value is determined by applying book value multiple.

The Company was primarily engaged in the business of financing and there were no separate reportable segments identified. Hence the entire business was considered as the cash generating unit for the purpose of allocating goodwill.

This represents the goodwill recognised on acquisition of the microfinance businesses of First Rand Bank and Altura Financial Services Limited.

The Company has transferred its Micro-finance business through slump sale on 1 November 2021 to Unity Small Finance Bank Limited hence the amount of goodwill as on 31 March 2022 is NIL.

Notes to the financial statements for the year ended 31st March 2022

46 Micro, small and medium enterprise

Based on the intimation received by the Company, some of the suppliers have confirmed to be registered under "The Micro, Small and Medium Enterprises Development ('MSMED') Act, 2006". Accordingly, the disclosures relating to amounts unpaid as at the year ended together with interest paid /payable are furnished below:

₹ in lakh

Particulars	As at 31st March, 2022	As at 31st March, 2021
The principal amount remaining unpaid to supplier as at the end of the year	-	5.14
The interest due thereon remaining unpaid to supplier as at the end of the year	-	-
The amount of interest paid in terms of Section 16, along with the amount of payment made to the supplier beyond the appointed day during the year	-	-
The amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	-	-
The amount of interest accrued during the year and remaining unpaid at the end of the year	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro, Small and Medium enterprise Development Act, 2006	-	-

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Centrum Microcredit Limited Mumbai

47 Corporate Social Responsibility

₹ in lakh

Particulars	For the year ended 31 March, 2022	For the year ended 31 March, 2021
As per the provisions of Section 135 of Companies Act, 2013		
A) Gross amount required to be spent by the Company during the year was	12.28	7.17
B) Amount spent during the year on		
I Construction/acquisition of any assets		
i) In Cash	-	-
ii) Yet to be paid in cash	-	-
Total (I)	-	-
II On purpose other than (i) above		
i) In Cash	25.39	45.84
ii) Yet to be paid in cash	-	-
Total (II)	**25.39**	**45.84**
Total (I + II)	**25.39**	**45.84**

Following details are with regard to CSR activities:-

Particulars	For the year ended 31 March, 2022	For the year ended 31 March, 2021
(a) amount required to be spent by the company during the year,	12.28	7.17
(b) amount of expenditure incurred,	25.39	45.84
(c) shortfall at the end of the year,	-	-
(d) total of previous years shortfall,	-	-
(e) reason for shortfall,	NA	NA
(f) nature of CSR activities	Refer below note	Refer below note
(g) details of related party transactions, e.g., contribution to a trust controlled by the company in relation to CSR expenditure as per relevant Accounting Standard,	-	-
(h) where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year shall be shown separately.	NA	NA

Note:

Nature of CSR activities as follow:

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

b) Donating money to PM Cares to address the emergency situation-out break of the pandemic.

c) Providing Food and other basic essentials to affected families with the objective of easing food troubles in times of crisis.

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48 Segment information

The Company's Chief Executive Officer (CEO) and Chief Operating Officer (COO) were identified as the Chief Operating Decision Makers examine the Company's performance on an entity level. The Company was primarily involved in micro-finance business and therefore had only one reportable segment i.e. microfinance lendings. As on 31 March 2022, the Company has discontinued the micro-finance business (w.e.f. 1 November 2021) and therefore, the Company does not have any reportable primary or secondary segment. Hence no separate segment reporting is required as per Ind AS 108 Operating Segments.

49 Transfer of financial assets

Transferred financial assets that are not derecognised in their entirety

A) Securitisation

During 31 March 2021, the Company has securitised certain loans, however the Company has not transferred substantially all risks and rewards, hence these assets have not been de-recognised in their entirety.

The following tables provide a summary of the financial assets that have been transferred in such a way that part or all of the transferred financial assets do not qualify for derecognition, together with the associated liabilities:

(₹ in lakh)

Particulars	Year ended 31st March, 2022	Year ended 31st March, 2021
Securitisation #		
Carrying amount of transferred assets measured at amortised cost ##	-	2,681.39
Carrying amount of associated liabilities (other than debt securities - measured at amortised cost)	-	2,550.79
Fair value of assets ##	-	2,681.39
Fair value of associated liabilities	-	2,550.79
Net Position at FV	-	-

The securitised assets and liabilities were transferred through slump sale during the 31 March 2022.

The amounts reported above are excluding notional Ind AS adjustments.

B) Direct assignment

The Company has sold some loans (measured at amortised cost) by way of direct bilateral assignment, as a source of finance. As per the terms of these deals, since substantial risk and rewards related to these assets were transferred to the buyer, the assets have been de-recognised from the Company's balance sheet.

The table below summarises the amount of the derecognised financial assets measured at amortised cost and the gain/(loss) on derecognition, per type of asset.

(₹ in lakh)

Particulars	Year ended 31st March, 2022	Year ended 31st March, 2021
Assignment		
Amount of de-recognised financial asset*	2,000.66	5,076.50
Carrying amount of retained assets at amortised cost**	-	509.11

The amounts reported above are excluding notional Ind AS adjustments.

* Amount represents assets de-recognised during the year.

** The amount held as retention is 10% of the total value of assigned loans. The retained assets were transferred through slump sale during 31 March 2022.

(₹ in lakh)

Particulars	Year ended 31st March, 2022	Year ended 31st March, 2021
Assignment		
Gain on sale of de-recognised financial assets	122.38	319.71

50 Dividend paid and proposed

The Company has not declared any dividend during the year. Further, no dividend is proposed for approval at the Annual General Meeting.

51 Events occurring after the reporting period

There have been no events after the reporting date that require disclosure in the financial statements.

52 Expenditure in foreign currency

(₹ in lakh)

Particulars*	Year ended 31st March, 2022	Year ended 31st March, 2021
Other borrowing costs	25.86	119.62
Legal and professional charges	1.90	2.42
Total expenditure in foreign currency	**27.76**	**122.04**

*Actual foreign currency payment made during the year.

53 Contingent liabilities and commitments

There are no contingnent liabilities and commitments as on 31st March, 2022 (31st March, 2021: NIL)

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Notes to the financial statements for the year ended 31 March 2022

54 Relationship with struck off companies

During the year ended 31 March 2022 the Company did not have any transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956. (During the year ended 31 March 2021 - Nil).

55 Registration of charges or satisfaction with Registrar of Companies

Charges satisfaction yet to be registered with ROC beyod the statutory period as on 31 March 2022

Sr No	Name of Lender	Loan Amount (₹ in lakh)	Charge ID	Remark
1	HDFC Bank Limited	5,000	100493570	Response not received from the lender in filing of the form.
2	Bank Of Baroda	5,000	100479246	Response not received from the lender in filing of the form.
3	Catalyst Trusteeship Limited	4,101	100413552	Charge satisfaction on 8 April 2022
4	IDBI Trusteeship Services Limited	800	100427461	Charge satisfaction on 5 April 2022

Charge creation yet to be registered with ROC beyod the statutory period as on 31 March 2021

Sr No	Name of Lender	Loan Amount (₹ in lakh)	Charge ID	Remark
1	Northern Arc Capital Limited	1,000	100435394	Charge created on 10 March 2021 and was filed on 18 April 2021. Inadvertent delay in filing the form.

56 Details of Benami Property held

There were no proceedings have been initiated or pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and the rules made thereunder.

57 Ratios

Ratios for the period ended 31 March 2022

Ratios	For Continuing and discontinued operations		
	Numerator (₹ in lakh)	Denominator (₹ in lakh)	As at 31st March, 2022
a) Current Ratio	11,178.70	391.56	29
b) Debt-Equity Ratio	3,362.76	7,772.33	0.43
c) Debt Service Coverage Ratio	3,980.06	870.00	4.57
d) Return on Equity ratio	(32.98)	7,802.16	-0.42%
e) Inventory turnover ratio*	NA	NA	NA
f) Trade Receivable turnover ratio*	NA	NA	NA
g) Trade Payables turnover ratio*	NA	NA	NA
h) Net Capital turnover ratio*	NA	NA	NA
i) Net Profit ratio**	NA	NA	NA
j) Return on capital employed	4,137.18	11,142.76	37%
k) Return on investment	NA	NA	NA

A. T. JAIN & CO. MUMBAI-20 CHARTERED ACCOUNTANTS

Centrum Microcredit Limited Mumbai

Centrum Microcredit Limited

Notes to the financial statements for the year ended 31 March 2022

Ratios	For Discontinued operations		
	Numerator (₹ in lakh)	Denominator (₹ in lakh)	As at 31st March, 2022
i) Net Profit ratio	(298.21)	5,325.98	5.62%

Note : The ratios for FY'22 have been calculated using the following formula

a) Current ratio = Current Assets/Current liabilities

b) Debt-Equity Ratio = Total debt/Shareholders' equity

c) Debt Service Coverage Ratio = Earnings available for debt service/ Debt Service

d) Return on Equity ratio = PAT/Average Shareholders' equity

e) Net Profit ratio = Net profit/Total Income

f) Return on capital employed = EBIT/Capital employed

g) Since Division III was applicable for financial year 2020-21 the above ratios have not been calculated for the said period.

* Since we are not in the business of trading or manufacturing, these ratios are not applicable to us. Hence we have not calculated the same.

** Since we have transferred the core business of the Company through slump sale, there is no revenue from the operations and hence net profit ratio has been calculated only for discontinued operations

Ratios for the period ended 31 March 2021

Ratios	Numerator (₹ in lakh)	Denominator (₹ in lakh)	As at 31st March, 2021
a) Capital to risk-weighted assets ratio (CRAR) (refer note 1)	9,658.19	41,393.96	23.33%
b) Tier I CRAR (refer note 1)	5,066.00	41,393.96	12.24%
c) Tier II CRAR (refer note 1)	4,592.19	41,393.96	11.09%
d) Liquidity Coverage Ratio* (refer note 1 & 2)	NA		

Note:

1 Since the Company has discontinued the lending business w.e.f 1 November 2021 hence this ratio is not applicable. Refer the disclosures related to discontinued operations.

2 The requirements regarding liquidity coverage ratio are covered in the RBI circular no: RBI/2019-20/88 DOR.NBFC (PD) CC. No.102/03.10.001/2019-20 dated 4 November 2019. This circular is not applicable to the Company (CML), hence the details have not been provided.

As per our report of even date
For A.T. Jain & Co
Chartered Accountants
ICAI Firm Registration No.103886W

Sushil Jain
Partner
Membership No 033809

Mumbai
18 April 2022

A. T. JAIN & CO. ★ MUMBAI-20 ★ CHARTERED ACCOUNTANTS

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

Rashmi Ghosh
Director
DIN 07592235

Deepa Poncha
Director
DIN 01916512

Asit Hemani
Chief Financial Officer

Mamta Khatri
Company Secretary

Mumbai
18 April 2022

Mumbai
18 April 2022