Corporate Information

Board of Directors

S Jayaprakash Narayana Chowdary - Managing Director

S Srimannarayana – Managing Director

S Lakshmi Narayana – Whole-time Director

S Ratna Kumari – Whole-time Director

Abhishek G Poddar – Nominee Director

Amarendra Sahoo – Independent Director

N Rama Mohan Rao– Independent Director

Chief Operating Officer

Deepak Hanumanth

Finance Head

Venkata Sivaram Chennareddy

Company Secretary

B.N.Suvarchala

Statutory Auditors

M/s. MSKA & Associates

Floor 2, Enterprise Centre, Nehru Road,

Near Domestic Airport, Vile Parle (E).

Mumbai – 400099

Registrar & Share Transfer Agent

M/s. XL Softech Systems Limited

3, Sagar Society, Road No.2, Banjara Hills, Hyderabad - 500 034.

Phone: 040 23545913/14/15

Registered Office

54-9-23, 100 Feet Road, Auto Nagar,

Vijayawada, Krishna, AP - 520007.

CIN: U65921AP1994PLC018605

Ph No: 0866 2484034

Website: www.kanakadurgafinance.com

E Mail: cs@kanakadurgafinance.com

Debenture Trustees

M/s. Catalyst Trusteeship Limited

Address**:** Windsor, 6th Floor, Office No: 604,

CST Road, Kalina, Santacruz (East),

Mumbai - 400 098

M/s. Beacon Trusteeship Limited

4C, Siddhivinayak Chambers, Opp MIG Cricket Club, Kala Nagar,

Bandra (East), Mumbai, Maharashtra 400051

Bankers

Union Bank of India

AU Small Finance Bank Limited

ESAF Small Finance bank Limited

Fincare Small Finance Bank Limited

IDFC First Bank Limited

Indusind Bank Limited

Utkarsh Small Finance Bank Limited

Indian Bank

Catholic Syrian Bank

SIDBI

Other Financial Institutions

Northern Arc Capital Limited

Gawa Capital

Manappuram Finance Limited

Muthoot Capital Services Limited

Muthoot Finance Limited

Sundaram Finance Limited

Vivriti Capital Private Limited

Moneywise Financial Services Limited

Nabkisan Finance Limited

Western Capita advisors Private limited

Incred Financial services Limited

MAS Financial Services Limited

Committee of Board

Audit Committee

S. No	Name of the Member	Designation
1	Mr. S. Jayaprakash Narayana Chowdary	Chairman
2	Mr. N.Ramamohan Rao	Member
3	Mr. Amarendra Sahoo	Member

Nomination & Remuneration Committee

S. No	Name of the Member	Designation
1	Mr. N.Ramamohan Rao	Chairman
2	Mr. Amarendra Sahoo	Member
3	Mr. Abhishek Poddar	Member

Corporate Social Responsibility Committee

S. No	Name of the Member	Designation
1	Mr. Sandireddy Srimannarayana	Chairman
2	Mr. Sandireddy Jayaprakash Narayana Chowdary	Member
3	Mr. N.Ramamohan Rao	Member

Internal Complaints Committee

S. No	Name of the Member	Designation
1	Mrs. Sandireddy Ratna Kumari	Presiding Officer
2	Mrs. Suryadevara Sujatha	Member (NGO)
3	Mr. Sandireddy Jayaprakash Narayana Chowdary	Member

Name of the Committee: Finance Committee

S. No	Name of the Member	Designation
1	Mr. Sandireddy Lakshmi Narayana	Chairman
2	Mrs. Sandireddy Ratna Kumari	Member
3	Mr. Sandireddy Jayaprakash Narayana Chowdary	Member
4	Mr. Sandireddy Srimannarayana	Member

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 27th Annual General Meeting of the Company will be held at the Registered Office of the Company at 54-9-23, 100 Feet Road, Auto Nagar, Vijayawada - 520007 on Thursday, 30th day of September, 2021 at 11:00 A.M. to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the Audited Financial Statements of the Company (for the financial year ended March 31, 2021, together with the Reports of the Board of Directors and Auditors thereon.
2. To consider appointment of a Director in place of Mr. SandireddySrimannarayana (DIN: 00538273) who retires by rotation and being eligible, offers himself for re-appointment
3. To appoint Auditor and to fix their remuneration and in this regard, pass the following resolution as an Ordinary Resolution

   "RESOLVED THAT pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 and rules framed thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), and pursuant to the recommendations of the Audit Committee and the Board of Directors, **M/s. J H S & Associates LLP, Chartered Accountants, (Firm's Registration No. .133288W/ W100099),** be and is hereby appointed as Statutory Auditors of the Company to hold office for a period of three years, from the conclusion of the Twenty-Seventh Annual General Meeting till the conclusion of the Thirtieth Annual General Meeting, in place of M/s. MSKA & Associates, Chartered Accountants, (Firm's Registrations No. 105047W) who has resigned as Statutory Auditor, at such remuneration plus reimbursement of actual out of pocket expenses, as may be incurred by them in connection with the audit of accounts of the Company, as may be mutually agreed between the Board of Directors of the Company and the said Auditors

   Special Business:

4. To appoint Mr.N.Rama Mohan Rao (DIN: 08948428) as an Independent Director of the Company and in this regard consider and if thought fit, to pass, the following resolution as an Ordinary Resolution:

   "**RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152, 160 and other applicable provisions, if any, of the Companies Act, 2013 ('Act'), the Companies (Appointment and Qualifications of Directors) Rules, 2014, read with Schedule IV to the Act , Mr. N.Rama Mohan Rao, who was appointed as an Additional & Independent Director of the Company by the Board of Directors with effect from November 04, 2020 in terms of Section 161(1) of the Act and Article 117 of the Articles of Association of the Company and who holds the office upto the date of this Annual General Meeting and who is eligible for appointment at this Annual General Meeting and whose name is registered in the online data bank of Independent Directors and who meets the criteria for independence as provided in Section 149(6) of the Act along with the rules framed there under and who has submitted a declaration to that effect and in respect of whom the Company has received a notice in writing from a member under Section 160(1) of the Act proposing her candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company, based on the recommendations of the Nomination and Remuneration Committee and Board of Directors, to hold office for a period of 5 (five) consecutive years commencing with effect from November 04, 2020 up to November 03, 2025 and shall not liable to retire by rotation;

   "**RESOLVED FURTHER THAT** the Board of Directors or any committee thereof be and is hereby authorized to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required and to delegate all or any of its powers herein conferred to any Committee of Directors or Director(s) to give effect to the aforesaid resolution."

   Explanatory Statement pursuant to section 102 of the Companies Act, 2013

4. Appointment of Mr. N. Rama Mohan Rao as an Independent Director of the Company

Mr. N.Rama Mohan Rao was appointed by the Board as an Additional Director with effect from November 04, 2020 under Independent Director as per the provisions contained under Section 161 of the Companies Act, 2013, the "Additional Director" so appointed shall hold office upto the date of the next Annual General Meeting or the last date on which the Annual General Meeting should have been held, whichever is earlier. Accordingly, Mr. N.Rama Mohan Rao as an Additional Director, holds office upto the date of this Annual General Meeting.

In terms of provisions contained under Section 160 of the Companies Act, 2013 and the rules made thereunder, a person who is not a retiring director in terms of Section 152 shall, subject to the provisions of this Act, be eligible for appointment to the Office of Director at any General Meeting, if he or some member intending to propose him as a Director, has, not less than fourteen days before the meeting, left at the Registered Office of the company, a notice in writing under his hand signifying his candidature as a Director, or the intention of such member to propose him as a candidate for that office, as they case may be, along with deposit of one lakh rupees. However, as per the proviso to Sec. 160 which is made effective 09.02.2018 the requirements of deposit of amount shall not apply in case of appointment of Independent Director. Since Mr. N.Rama Mohan Rao is an Independent Director of the Company, there is no requirement of submission of requisite deposit

Accordingly, Corporation has received a notice from a member proposing candidature for the office of Director in terms of Section 160 of the Companies Act, 2013. Mr. N.Rama Mohan Rao has also given a declaration to the company that he meets criteria of independence as prescribed under Section 149 (6) of the Companies Act, 2013 read with Rule 5 of Companies (Appointment & Qualificationof Directors) Rules, 2014.

None of the other Directors, Key Managerial Personnel of the Company or their relatives is, in any way, concerned or interested in the resolution set out at item No. 4 of the Notice. The Board recommends the Ordinary Resolution as set out at item no. 4 for approval by the Members

Date: 07.09.2021 — **B.N.Suvarchala**
Place: Vijayawada — **Company Secretary**

Notes: -

1. A member entitled to attend and vote at the meeting to which this notice relates is entitled to appoint a proxy to attend and vote (on poll) on his/ her behalf. A proxy need not be a member of the company. A proxy, in order to be valid/ effective, must be received at the registered office of the company before the commencement of the meeting to which this notice relates. A blank proxy form is enclosed.

   A person can act as a proxy on behalf of members not exceeding fifty and holding in aggregate shares not more than 10 percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
2. All the documents relevant to the resolutions specified in the Notice are available for inspection by the shareholders of the Company at the registered office of the Company and also at the place of the meeting on the meeting day.
3. Corporate Members intending to send their authorized representatives to attend the Meeting are requested to send a certified copy of the Board Resolution authorizing their representatives to attend and vote on their behalf at the Meeting.
4. The Company's Registrar and Transfer Agents for its share registry work (Physical and Electronic) are XL Softech Systems Ltd (RTA).

DIRECTORS' REPORT

To,
The Members,
Kanakadurga Finance Limited,

Your Directorshave immense pleasure to present27th Annual Reporton the business, operations and state of affairs of the Company together with the audited financial statement for theyear ended 31st March, 2021:

Financial Highlights:

The Company's financial performance for the year ended March 31, 2021 is summarised below

Rs. In lakhs

Particulars	2020-21	2019-20
Gross Revenue	11217.88	12432.30
Finance Cost	5191.23	6195.69
Profit Before Depreciation and Tax	1837.28	2232.46
Less: depreciation and amortisation	333.03	308.65
Profit Before Tax	1504.25	547.54
Taxation	380.19	168.21
Profit After Tax	1124.06	379.32

Overview of FY 2020-21

- Number of loan accounts at FY 2020-21 end stood at 40,846 as compared to 49,191 at FY 2019-20 end
- Loan Book (Managed Portfolio) fall by 25.88 % to Rs. crore as of March 31, 2021359.80 as against Rs. 485.48Crore in the previous year due to Covid-19 complete lock down during the first quarter of the FY:2020-21 disbursements affected rapidly.
- Commercial Vehicle contributed to 51.28% of loan book, Two Wheeler about 16.86%, Three Wheeler at 18.83%, followed by Gold Loan of 13.01%,
- Gross and Net NPAs (Non performing assets) were 4.10% and 2.30% respectively;
- Provision coverage (including for standard assets) was 56.27% as at FY21 end as against 29.30% at FY20.
- Capital Adequacy Ratio wasstrong 32.89% which is well above the regulatory requirement of 15.0%;

  All the above resulted in the Company reporting Profit after Tax of 11.24 crore in FY 2020-21 compared to 3.79 crore in FY 2019-20. Due to transition of I GAPP to IND AS FY 19-20 Profit is affected.

  The Company has delivered strong ROA of 2.14% and ROE of 10.69% in FY 2020-21 compared to 0.67% and 4.04 % respectively in FY 2019-20.

  The Company operates out of 102 vehicle branches across Five states Viz., Andhra Pradesh, Telangana, Tamilnadu, Karnataka and Gujarat and one in union Territory branch in Puducherry and 15 Gold Branches in Andhra Pradesh as at FY 2020-21 end.

Management Discussion Analysis

A report on Management Discussion Analysis is enclosed and is forming part of this report as **Annexure-A.**

Corporate Governance

On 15.06.2020 your Company debt securities got listed with Bombay Stock Exchange. In due compliance of theSEBI (LODR) regulations, 2015 a report on the Corporate Governance along with a declaration by the Managing Director with regard to code of conduct to be presented to the members of the Company as such a report on Corporate Governance Report are isattached as part of this report vide **Annexure-B**

Related Party Transactions

All transactions with related parties were in the ordinary course of business and on an arm's length basis. The Company did not enter into any material transaction with such related parties, under Section 188 of the Companies Act, 2013, during the year.The Related party transaction details covered under notes to accounts.

Corporate Social Responsibility (CSR)

Your Company, along with its subsidiaries and associates, has always responded in a responsible manner to the growing needs of the communities in which it operates. During the year, your Company has, in consonance with the CSR policy of the Company, undertaken a number of initiatives that contribute to society at large, in the areas of health, education, environment and preservation of the country's rich culture and heritage.

The Annual Report on CSR Activities undertaken by the Company for the Financial Year 2020-21, prepared in the amended format, is annexed with this report, vide Annexure-D

Disclosure under the 'Prevention of Sexual Harassment at Workplace Policy'

The Company has in place a Policy for prevention of Sexual Harassment, in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. An Internal Complaints Committee (ICC) has been set up to redress complaints.

All employees (permanent, contractual, temporary, trainees) are covered under this policy. No complaints were received during the financial year nor were any pending unresolved as on 31st March 2021.

Secretarial Audit

In terms of Section 204 of the Companies Act, 2013 and the rules thereunder, the Company has appointed M/s RPR & Associates, Practising Company Secretaries, as the Secretarial Auditor of the Company. The Secretarial Audit Report of the Company as annexed to this Report as Annexure-C

Qualification by Secretarial Auditor

The Secretarial Audit Report does not contain any qualification, reservation or adverse remarks

Annual Return

As required under Section 92 (3) of the Companies Act, 2013 and Rule 12 (1) of the Companies (Management and Administration) Rules, 2014, the draft form MGT-7 is hosted on the Company's website.

Details of significant and material orders passed by the regulators

During the year under review, no significant and material orders were passed by the regulators, courts, or tribunals against the Company, impacting its going concern status or its future operations.

Information as per section 134 (3)(m) of the Companies Act, 2013 read with rule 8 of the Companies (Accounts) rules, 2014

Your Company has no activity relating to conservation of energy or technology absorption. During 2020-21, expenditure in foreign currencies and earnings in foreign currencies are Nil.

Dividend

Your Directors have not recommended payment of dividend for the financial year ended 31st March 2021 since it isproposed to retain the same in the business.

Transfer of unclaimed dividend to Investor Education and Protection Fund

During the period under review, no such case was raised to credit/to pay any amount to the Investor Education andProtection Fund.

Share Capital

Authorized Share Capital

During the year there was no change in the Authorized Share Capital of the Company. As on 31.03.2021,the Authorized Share Capital was Rs.16,00,00,000/- (Rupees Sixteen Crores only) divided into16,00,00,000(Sixteen Crore only) Equity Shares of Rs.10/- (Rupees Ten only) each

Paid up Share Capital

The total Paid up Share Capital of the Company as on 31.03.2021 was Rs.15,21,71,632/- consisting1,52,17,163 fully paid shares of Rs.10/- each .There was no change in the paid up capital of the Company during the year.

Risk Management & Credit Monitoring:

As risk is inevitable fallout of the lending business, your Company has to manage various risks like credit risk.Liquidity risk, interest rate risk, operational risk, market risk etc. The Audit Committee, Risk managementCommittee and the Asset Liability Management Committee review and monitor these risks at periodic intervals.Liquidity risk and interest rate risk arising out of maturity mismatch of assets and liabilities are managed through regular monitoring of the maturity profiles. The Company monitors ALM periodically to mitigate the liquidity risk.The Company also measures the interest rate risk by the duration gap method. Operational risks arising from inadequate or failed internal processes, people and systems or from external events are adequately addressed by the internal control systems and are continuously reviewed and monitored at regular intervals. Your Company is proactive in assessing the risk associated with its various loan products and has evolved a variety of Risk management and monitoring tools while dealing with a wide spectrum of retail customers. The Risk Management Policy of the Company encompasses various risk tools such as Credit, Operational, Market, Liquidity and Interest Rate Risk and has put in place appropriate mechanism to effectively mitigate the risk factors.

Internal financial controls

The Company has a well-established internal financial control and risk management framework to ensure the highest standards of integrity and transparency in its operations and a strong corporate governance structure. Appropriate controls are in place to ensure:

a) the orderly and efficient conduct of business, including adherence to policies;

b) safeguarding of assets;

c) prevention and detection of frauds/errors;

d) accuracy and completeness of accounting records; and

e) timely preparation of reliable financial information

The Board has adopted policies and procedures to ensure compliance and oversight to the implementation of its internal financial control and risk management framework.

Board & Audit Committee

The details regarding number of board meetings held during the financial year and composition of Audit Committee are furnished in the Corporate Governance Report. The details of all other Committees are provided elsewhere in this Annual Report.

Directors& KMPs

In terms of Section 152 of the Companies Act, 2013, Mr.S.Srimannarayana Managing Director of the Company, would retire by rotation at the forthcoming AGM and are eligible for re-appointment. He has offered himself for re-appointment.

During the year Mr. Unnam Venkateswrlu has resigned from the Board due to his pre occupations w.e.f 24.07.2020.

During the reporting year, Mr. N.Ramamohan Rao appointed as an additional director under independent category through Board of Directors on 04th November, 2020 for a term of three consecutive years w.e.f. 04.11.2020.

During the year under review Mrs. A. Lakshmi Sowjanya has tendered her resignation w.e.f 11thNovember, 2020 and Mrs. B.N. Suvarchala appointed as Company Secretary w.e.f 21.10.2020.

Based on the confirmations received from Director, none of the Directors are disqualified from appointment under Section 164 of the Companies Act 2013.

Declaration by Independent Directors

The Independent Directors of the Company have submitted their declarations as required under Section 149(7) of the Companies Act, 2013 stating that they meet the criteria of independence as per sub-section (6) of Section 149 of the Act.

Familiarization programme for Independent Directors

The Company proactively keeps its Directors informed of the activities of the Company, its management andoperations and provides an overall industry perspective as well as issues being faced by the industry.

Board Evaluation

The Board adopted a formal mechanism for evaluating its performance as well as that of its Committees andindividual Directors, including the Chairman of the Board. The exercise was carried out through a structuredevaluation process covering various aspects of the Board functioning such as composition of the Board &committees, experience & competencies, performance of specific duties & obligations, contribution at the meetingsand otherwise, independent judgment, governance issues etc.

Directors' Responsibility Statement

Your directors confirm that:

1. In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
2. The Company has selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
3. Proper and sufficient care has been exercised for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. The annual accounts have been prepared on a going concern basis;
5. Adequate internal financial controls have been put in place and they are operating effectively; and
6. Proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively

Statutory Auditors

Pursuant to the provisions of Section 139(2) of the Companies Act, 2013 and rules made thereunder, the Members at their 23rd Annual General Meeting ("AGM") held on 29thAugust, 2017 had appointed M/s. MSKA & Associates, Chartered Accountants, (Registration No. 105047W) as Statutory Auditors of the Company has tendered their resignation consequent to the new RBI Master Directions.

The appointment of M/s. J H S & Associates LLP Chartered Accountants, Mumbai (Firm's Registration No.133288W/W100099), as the Statutory Auditors of the Company, for a term of three consecutive years from the conclusion of the 27thAnnual General Meeting of the Company scheduled to be held in the year 2021 till the conclusion of the 30th Annual General Meeting to be held in the year 2024.

Qualification by the Statutory Auditor

The Audit Report does not contain any qualification, reservation or adverse remarks.

Cost Audit

In terms of the provisions of Section 148 of the Companies Act, 2013 read with Rule 3 & 4 of the Companies (Cost Record and Audit) Rules, 2014 and all other applicable provisions of the Companies Act, 2013, the Cost Audit is not applicable to the Company.

Vigil Mechanism / Whistle Blower Policy

Pursuant to Section 177(9) of the Companies Act, 2013 read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014, the Board has adopted Whistle Blower Policy. This policy aims for conducting the affairs in a fair and transparent manner by adopting highest standards of professionalism, honesty, integrity and ethical behavior. A mechanism has been established for employees to report concerns about unethical behavior, actual or suspected fraud or violation of Code of Conduct and Ethics. The policy also provided adequate safeguards against the victimization of employees who avail of the mechanism and allows direct access to the Chairman of the Audit Committee in exceptional cases.

Your Company hereby affirms that during the year no Director / employee have been denied access to the Chairman of the Audit Committee and that no complaints were received.

Particulars of loans, guarantees or investments under Section 186

The Company, being a non-banking finance company registered with the Reserve Bank of India and engaged in the business of giving loans, is exempt from complying with the provisions of Section 186 of the Companies Act, 2013. Accordingly, the disclosures of the loans given as required under the aforesaid section have not been given in this Report.

Particulars of Employees

There are no employees whose information as required under the provisions of Rules 5(2) & 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Debenture Redemption Reserve (DRR)

In accordance with The Companies (Share Capital and Debentures) Amendment Rules, 2020, any non-banking finance company that intends to issue debentures to the public are no longer required to create a DRR for the purpose of redemption of debentures.

Secretarial Standards

The Company complies with all applicable Secretarial Standards.

Other Disclosures

Reasons for delay, if any, in holding the annual general meeting- Nil

Share Transfer Agency

The Company has appointed M/s. XL Softech Systems Limited situated at Plot No-3, Sagar Society, Road No.2, Banjarahills, Hyderabad-500 034, as its share transfer agency for handling both physical and electronic transfers.

Awards and recognition

The Company has not received any award during the Financial Year.

Industrial Relations

Industrial relations continued to be cordial throughout the year under review.

Acknowledgment

Your directors gratefully acknowledge the support and cooperation extended to your Company by all its customers, shareholders, and bankers, as also the various insurance companies, automotive manufacturers and dealers. Your directors also place on record their special appreciation of Team for its dedication and commitment in delivering the highest quality of service to every one of our valued customers.

For Kanakadurga Finance Limited
On behalf of the Board

Date:07.09.2021	**S. J.P.N.Chowdary**	**S. Srimannarayana**
Place: Vijayawada	**Managing Director**	**Managing Director**
	(DIN: 00538246)	(DIN:00538273)

Annexure -A

Management Discussion and Analysis

Macroeconomic outlook

A brief summary of the financial year ended March 31, 2021 and the emerging trends in the economy including the impact of the COVID-19 pandemic, is described below:

FY 2020-21 began on a very cautious note for the economy with country being in lockdown since March 2020. The economic fallout of the lockdown and the challenges posed by the uncertain behaviour of the COVID-19 pandemic was the top problem to solve for Central and state governments. These had an impact on the overall GDP of the country which was facing challenges even before the COVID-19 pandemic.

The GDP growth for FY 2018-19 and FY 2019-20 was 6.15% and 4.2% respectively. As per National Statistical Office estimates released on February 26, 2021, the GDP for FY 2020-21 will see a degrowth of -8% due to the effect of the economic distress caused by the pandemic. A major point to note that from Q3 FY 2020-21 onwards, the economy had started to bounce back and showed a growth rate of 0.4% as compared to a sharp contraction of -24% and -7.5% for the first 2 quarters.

The Union Budget presented in January 2021 had estimated the Indian economy to grow by 10.5% in FY 2021-22. This, however, may be impacted due to the second wave of COVID-19 infections which has led to state-level shutdowns impacting the economic activities and market and consumer sentiments. We have seen rating agencies revising their GDP estimates downward, e.g.: Moody's in May 2021 has revised the GDP growth rate forecast to 9.3%.

Second wave of COVID-19 pandemic

The second wave of the pandemic hit parts of India in March and by April 21 majority of the country had got covered under the same. This second wave has seen more positive cases across India and is expected to retreat only by June 2021.

States have taken a number of measures to contain the spread of the virus including state-specific lockdown, night curfews, micro containment strategy, etc.

The vaccination programme currently underway in the country provides some hope that going forward the country will be in a better position of fighting any new wave of the pandemic

Industry Overview

While every sector in our country was impacted by the lockdown, the cascading effect of the downturn in cashflows was likely to have had a more pronounced impact on the financial services industry. This industry would have seen a significant spurt in delinquencies and non-performing assets and the resultant provisions would have eroded the capital base of a large number of banks and financial institutions.

RBI proactively stepped in and provided flexibility to banks and financial institutions to extend the benefit of moratorium to their borrowers. While initially, the moratorium benefit was extended for dues falling between March 2020 and May 2020, the same was later extended to dues falling between June 2020 and August 2020, thereby providing the relief for a period of six months.

As stated, most sectors witnessed significant downturn in cashflows which severely impacted borrower's ability to make payments of their EMI dues. Against this backdrop, the moratorium was a necessity without which there would have been a complete breakdown of the financial ecosystem. Not only did it help the borrowers recoup their cashflows and then make payments on their debt, but also allowed a breather to the entire financial system by giving the benefit of asset classification standstill for the moratorium period. Every bank and NBFC came out with their Board approved moratorium policies and norms which helped them tide over the COVID crisis during the first quarter/half of the current financial year. With gradual easing of lockdown restrictions, there was an improvement in borrower cashflows and the situation returned to reasonable levels of normalcy in the second half of the year for most of the financial institutions.

Financial and operational performance

Sr.No	Particulars	2020-21	2019-20
1	Total income (Rs in Crs)	112.39	124.67
2	Net interest income (Rs in Crs)	53.85	54.67
3	Asset under management (Rs in Crs)	359.82	485.48
4	Securitization during the year (Rs in Crs)	49.91	123.82
5	Net worth (Rs in Crs)	104.21	93.06
6	Profit after tax (Rs in Crs)	11.14	3.76
7	Capital adequacy ratio (%)	32.89%	21.29%
8	Return on total assets (%)	2.14%	0.67%
9	Debt equity ratio	2.89	3.91
10	Net interest margin (%)	10.35%	9.77%
11	Return on equity (%)	10.69%	4.04%
12	Interest coverage ratio	1.29	1.09

During the FY 2020-21, the Stage 3 Assets was 4.1% as compared to 5.0% in FY 2019-20. The Stage 3 Assets net of Stage 3 Provision was 2.3% in FY 2020-21 as compared to 3.89% in FY 2019-20 due to more roll back of the stage 3 assets during the year. There are no significant changes in key financial ratios of the Company for FY 2020-21 as compared to FY 2019-20. The return on equity was 10.69 % as on March 31, 2021 as against 4.04% as on March 31, 2020 due to Transition from I GAAP Accounting to IND AS, the Return on Equity for the FY 2019-20 is affected.

Resource Mobilization:

Deposits:

The Company has not accepted any deposits during the year under review and it continues to be a Non-deposittaking Non Banking Financial Company in conformity the guidelines of the Reserve Bank of India and Companies (Acceptance of Deposits) Rules, 2014.

Working Capital Limits:

During the year your company has reduced its dependence, in terms of utilization, on Cash Credit Limits by raising term resources to effectively manage the ALM. However, your company intends to increase the same, if necessary, in line with increase in the term resources going forward.

Term Loans:

During the year your Company has mobilized Term Loan(s) of Rs.18 Cr from SIDBI, Rs 10 Cr from Vivriti capital Pvt Ltd, Rs 10 Cr from Northern Arc Capital Ltd, Rs 10 Cr from Incred Capital Financial Services Pvt Ltd, Rs 5 Cr from Western Capital Advisors Pvt Ltd Rs 15 Cr and Rs 11 Cr from MAS Financial Services Limited.

Commercial Paper:

During the year under review, your Company has not issued Commercial Papers .

Non Convertible Debentures:

During the year under review, your Company has mobilized Rs.75.00Cr from various investors by issuing Non Convertible Debentures.

Particulars	INE104W07054	INE104W07062	INE104W07070	INE104W07088
Name of the NCD holder(s)	CSB Bank Ltd	Indian Bank Ltd	Union Bank of India	Zerodha Broking Limited
Amount raised Rs. In Cr.	15.00	25.00	25.00	10.00
Coupon Rate	13.01%	12.00%	12.00%	12.50%
Allotment date	15-06-2020	30-06-2020	07-07-2021	17-12-2020
Maturity date	15-06-2023	30-06-2023	07-07-2023	17-12-2022
Mode of issuance	Private Placement	Private Placement	Private Placement	Private Placement
Listed/unlisted	Listed in BSE	Listed in BSE	Listed in BSE	Listed in BSE

Securitization / Assignment of Loan Receivables:

During the year, your Company has Securitized loan receivables to the tune of Rs 44.47 Cr.

Borrowing mix

As of March 31, 2021, total borrowings comprised 21.56% of loans from banks, 36.92% of Non-convertible debentures and 38.20% of loans from Financial institutions 3.33% of subordinate debts.

Capital Adequacy:

The Capital to Risk Assets Ratio of your company is 32.89% as on 31.03.2021, well above the minimum of 15%prescribed by the Reserve Bank of India, of which Tier I Capital constituted 31.13% and Tier II constituted 1.76%.

Credit Rating:

Credit Analysis and Research Limited (CARE) has retained the long term bank loan facilities and Non Convertible Debentures at "BBB" signifying adequate degree of safety regarding timely payment of interest and principle.

FutureStrategy

The Board has determined the following medium-term and long term strategies to achieve its corporate goals over a period of next 3-5 years:

- Periodical review of pandemic risks, Business Continuity plan, liquidity management
- To focus on digital initiatives to effectively service customers and to educate customers on the digital payment of EMIs
- Effective use and implementation of data analytics in the process of loan disbursement and loan recovery
- Further strengthening the leadership position in financing vehicles Further enhancing quality of loan portfolio
- Maintaining customer loyalty through winning relationship and customer satisfaction

Human Resources

The pandemic has brought impactful changes in all our lives highlighting importance of social distancing, wearing of masks, use of sanitizers, maintaining cleanliness to mitigate spread of Corona virus and developing habits of living with the Corona virus, the longevity of which is not yet known. The Company continued to create awareness amongst employees to strictly follow the Social Distancing protocol and mitigate the health risks during the pandemic by adapting to new methods of efficient working, striking work-life balance, switching to Work From Home (WFH) whenever necessary. The 'Lockdown' gave many new learnings, ideas and experience with respect to effective communication techniques, efficient time management, thereby improving overall efficiency, cost optimization. The importance of focusing on digital payment and use of advanced techniques for customer services has gained much prominence.

The total strength of employees as on March 31, 2021 was 806.

For Kanakadurga Finance Limited
On behalf of the Board

Date:07.09.2021	**S. J.P.N.Chowdary**	**S. Srimannarayana**
Place: Vijayawada	**Managing Director**	**Managing Director**
	(DIN: 00538246)	(DIN:00538273)

Annexure-B

Report on Corporate Governance

Kanakadurga Finance Limited has been following robust corporate governance practices since its inception. The strong edifice of the Company, started in 1994, is supported by the pillars of customer trust and employee loyalty. Your Company's approach to Corporate Governance is guided by the Kanakadurga way a set of values enshrined in the Company's culture by its founder Chairman, Sri S. Lakshmi Narayana.

Your Company continues to maintain the highest standards of integrity and transparency in operations, excellence in service to all stakeholders and strong Corporate Governance standards. We believe that a well informed and participative Board is necessary to ensure the highest standards of Corporate Governance. The Board oversees the Management's functions and safeguards the long term interests of our stakeholders. As of March 31, 2021, the Board comprised seven members, of which two members are Independent Directors.

Board of Directors

All the members of the Board are eminent persons with considerable expertise and experience in general management spanning the automobile, engineering, banking, finance, accounts and audit, information technology, consulting and road transport sectors. The Company is immensely benefited by the range of experience and skills that the Directors bring to the Board.

The Board has been constituted in a manner, which will result in an appropriate mix of executive/non-executive and Independent Directors to ensure proper governance and management. As on 31.03.2021, the Board comprises sevenmembers who have experience in diverse fields like Finance, Accounts and Management. Non-Executive Directorsbring independent judgment in the Board's deliberations and decisions. During the year there was no change in thecomposition of Board of Directors. The composition of the Board is in conformitywith best practice in Corporate Governance held by the Directors during the year.

Board Meetings

The Board of Directors meets at regular intervals with a formal schedule of matters specifically reserved for itsattention to ensure that it exercises full control over significant strategic, financial, operational and compliancematters. The Board is regularly briefed and updated on the key activities of the business and is provided withbriefings on other matters concerning the company on a need basis. The Board of Directors generally meets everyquarter to review the business performance.

During the year under review, four meetings of the Board of Directors were held on the following dates.

30th June,2020, 28th August,2020, 12thNovember,2020 and 13th February, 2021.

The details of attendance at Board Meetings and details of other Directorships, Committee Chairmanships /

Memberships held by the Directors during the period from 1stApril, 2020 to 31stMarch, 2021 are as follows:

	Name of the Member	Category	No. of Board Meetings entitled to attend	No of Board meetings attended	Attendance at the last AGM	No of other Director Ships	No of Committee Member ships
	Promoter Directors						
1	S.Lakshmi Narayana	Promoter, Whole time Director	4	4	Yes	-	-
2	S.Ratna Kumari	Promoter Whole time Director	4	4	Yes	1	-
3	S.Jayaprakash Narayana Chowdary	Promoter Managing Director	4	4	Yes	1	1
4	S.Srimannarayana	Promoter Managing Director	4	3	Yes	1	1
	Non- Executive Directors						
5	Abhishek Poddar	Non-executive Nominee Director	4	4	Yes	3	1
6	Amarendra Sahoo	Independent Director	4	4	Yes	4	2
7	U.Venkateswarlu*	Independent Director	1	0	NA	-	-
8	N.Ramamohan Rao#	Independent Director	2	2	NA	-	2

*UnnamVenkateswarlu was resigned from his Directorship w.e.f 24.07.2020

#Ramamohan Rao Nannapaneni has been appointed as an Independent Director w.e.f 04.11.2020

Audit Committee

The Audit Committee reviews the financial accounting policies, adequacy of internal control systems and systems audit and interacts with the statutory auditors, internal auditors and systems auditors. Senior Executives and functional heads are invitees to the committee meetings. Besides, the Committee inter alia reviews the audit plans, interim and annual financial results, management discussion and analysis of financial condition and results of operations, related party transactions, observations of the management and internal/external auditors on internal control and follow up reports of the management. The Composition of the Audit Committee and attendance of the members at Committee meetings are as follows:

In terms of section 177 of the Companies Act, 2013, the Board had constituted the Audit Committee and the Committee comprises following Directors as its members:

S. No.	Name	Designation	No of Meetings Attended	Meeting Dates
1	Mr. S.Jayaprakash Narayana Chowdary	Chairman	4	30.06.2020
2	Mr. U. Venkateswarlu*	Member	0	28.08.2020
3	Mr. Amarendra Sahoo	Member	4	12.11.2020
4	Mr.N.Ramamohan Rao#	Member	2	13.02.2021

*Upto 24.07.2020

#w.e.f 04.11.2020

The Company Secretary is the Secretary to the Committee.

During the year, there were no such instances where the Board did not accept the recommendation of the Audit Committee.

Nomination and Remuneration Committee

The Nomination, Compensation & Remuneration Committee have formulated criteria for evaluation of the Board and Non-Independent Directors for the purpose of review of their performance at a separate meeting of the Independent Directors. Further, the Committee has recommended a policy relating to the remuneration of the directors, key managerial personnel, senior management and other employees, which, inter alia, includes the principles for identification of persons who are qualified to become directors. The criteria laid down for evaluation of the directors and the remuneration policy, as approved and adopted by the Board.

The Composition of the Nomination, Compensation & Remuneration Committee and attendance of the members at Committee Meeting are as follows

S. No.	Name	Designation	No of Meetings Attended	Meeting Dates
1	Mr. N.Ramamohan Rao#	Chairman	1	30.06.2020
2	Mr. U. Venkateswarlu*	Member	-	
3	Mr. Amarendra Sahoo	Member	2	
4	Mr. Abhishek Poddar	Member	2	12.11.2020

*Up to 24.07.2020

#w.e.f 04.11.2020

Terms of reference of the Nomination Committee includes the following:

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Boarda policy relating to the remuneration of the directors, key managerial personnel and other employees;
2. Formulation of criteria for evaluation of independent directors and the Board;
3. Devising a policy on Board diversity;
4. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal;
5. whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;
6. Recommending to the Board, all remuneration, in whatever form, payable to senior management of the Company;
7. Ensuring 'fit and proper' status of proposed/ existing Directors of the Company.
8. Framing suitable policies and systems to ensure that there is no violation, by an employee of any applicable laws in India or overseas,including:
    a) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 to the extent each is applicable; or
    b) The Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003.
9. Performing such other activities as may be delegated by the Board of Directors and/or are statutorily prescribed under any law to be attended to by the Nomination and Remuneration Committee.

Policy on appointment of directors and remuneration

1. The Remuneration and Nomination Committee ("the Committee") evaluates the range of skills, experience, expertise and diversity of the existing Directors, and identifies criteria for the new role giving consideration to the Company's strategic objectives, the dynamism of the existing Board, and gaps which need to be filled.

2. The Committee agrees the most appropriate avenue to identify suitable candidates.
3. Potential candidates are considered with reference to their skill, experience, expertise, diligence, soundness of judgment, availability, their ability to add value to the Board, and their interest in the Company and its business.
4. The Company will undertake due diligence before appointing Director to verify character references, qualifications, prior experience and other governmental checks, if appropriate.
5. The Proposed Director will be given the opportunity to undertake due diligence of the Company including access to information and meeting with the Senior Executive and Directors (where appropriate and subject to a confidentiality agreement as deemed necessary by the Board) which would be pertinent to their ability to make an informed decision as to their suitability and support of the Company.
6. If relevant, the Committee recommends appropriate candidates for appointment to the Board. The Board will consider the recommendation and if appropriate, extend an invitation to the candidate to join the Board. Any appointment made by the Board is subject to ratification by shareholders at the next general meeting.
7. The Company will immediately tell the Registrar of Companies ("ROC") within the jurisdiction of the registered office of the Company. Once a Director is appointed and provides the necessary disclosures under the Companies Act, 2013 and Rules made there under.
8. As per the Board's timely assessment, appointed Director may be a member of the various Committees:
9. Every Director appointed in the Company shall give disclosure of interest in the first meeting of every financial year.
10. Nomination and remuneration Committee may timely revise the remuneration payable to Directors with the consent of Board.

Remuneration of Directors

The Non-Executive Directors are remunerated by way of commission for each financial year as decided by the Board of Directors. The details of remuneration paid to the Non-Executive Directors and number of shares held by them are as follows:

Name of the Director	Sitting fee Rs. In Lakhs	Commission	Number of shares held	Relationship with other Directors
Mr. Amarendra Sahoo	4.55	-	-	-
Mr. Abhishek Poddar	-	-	-	-
Mr. U.Venkateswarlu*	-	-	-	-
Mr. N.Rama Mohan Rao#	0.70	-	-	-

*Up to 24.07.2020

#w.e.f 04.11.2020

The Executive Directors of the Company are appointed on terms approved by the shareholders. Their remuneration comprises salary, allowances, commission and perquisites. The quantum of commission payable to them is decided by the Nomination, Compensation & Remuneration Committee and Board of Directors. The remuneration is within the limits prescribed under Schedule V to the Companies Act, 2013. The details of remuneration paid to the Executive Directors for the Financial Year 2020-21 are as follows:

Rs. In lakhs

Particulars	S.Jayaprakash Narayana Chowdary Managing Director	S.Srimannarayana Managing Director cum CFO	S.Lakshmi Narayana Whole-Time Director	S.Ratna Kumari Whole-Time Director
Salary and allowances	47.50	47.50	47.50	47.50
Commission	-	-	-	-
Total	**47.50**	**47.50**	**47.50**	**47.50**

Corporate Social Responsibility Committee

The Corporate Social Responsibility (CSR) Committee has formulated a Corporate Social Responsibility Policy indicating the CSR activities to be undertaken by the company in accordance with Schedule VII to the Companies Act, 2013. The terms of reference of the CSR Committee include recommending to the Board the amount of expenditure to be incurred on the CSR activities and monitoring the implementation of the CSR Policy from time to time. The CSR Policy of the Company, incorporating the recent changes, as approved and adopted by the Board, has been posted on the website. The Composition of the Corporate Social Responsibility Committee and attendance of the members at Committee Meeting are as follows**:**

S. No.	Name	Designation	No of Meetings Attended	Meeting Date(s)
1	Mr. S.Srimannarayana	Chairman	1	13.02.2021
2	Mr.S.Jayaprakash Narayana Chowdary	Member	1	
3	Mr. U. Venkateswarlu*	Member	-	
4	Mr. N.Ramamohan Rao#	Member	1	

*Up to 24.07.2020
#w.e.f 04.11.2020

General Body Meetings

Details relating to last three Annual General Meetings:

Year	Date	Time	Location	No of Special Resolutions passed
2020	14.0.2020	11.00 AM	54-9-23, Opp. IOC Petrol Pump,100 Feet Road, Auto Nagar, Vijayawada,520007	-
2019	27.09.2019	04.00PM	54-9-23, Opp. IOC Petrol Pump,100 Feet Road, Auto Nagar, Vijayawada,520007	1
2018	27.07.2018	04.00 PM	40-7-31,Jammichettu centre, Mogalrajupuram, Viayawada-500010	-

During the year under review there are two Extra ordinary general Meetings held to change the designations of Executive Directors and approve the issue of NCDs through private placement.

General Shareholder Information

Annual General Meeting

Date	Time	Mode
30.09.2021	**11.00 am**	Video Conference / Other Audio Visual Means (OAVM)

Financial Year -1st April 2020 to 31st March 2021

Book Closure dates – 24th September 2021 to 30th September 2021 (both days inclusive)

The company's NCDs are listed on:

Bombay Stock Exchange Limited

P.J Towers, Dalal Street,

Mumbai-400 001

The Company has paid the listing fees for the financial year 2021-22 to the above stock exchange.

Dematerialization of Shares & Liquidity

Total Shares held in electronic mode as on 31st March, 2021– 100%.

Shareholding pattern as on 31.03.2021

Category	No of share holders	% of shares held
Promoters Individuals	6	47.34
Promoters others	2	23.83
FPI (Public)	1	28.83
Total	**9**	**100.00**

For your queries / grievances / complaints, please contact:

Mrs. B.N.Suvarchala, Company Secretary & Compliance Officer

Email:cs@kanakadurgafinance.com

Ph No.7032632555

For Kanakadurga Finance Limited
On behalf of the Board

Date:07.09.2021
Place: Vijayawada

S. J.P.N.Chowdary
Managing Director
(DIN: 00538246)

S. Srimannarayana
Managing Director
(DIN:00538273

Annexure-C

Form No. MR-3
Secretarial Audit Report
For the Financial Year ended on March 31, 2020

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

To,
The Members,
M/s.Kanakadurga Finance Limited
CIN: U65921AP1994PLC018605
54-9-23, 100 Feet Road,
Auto Nagar, Vijayawada, Krishna Dist,
Andhra Pradesh – 520007.

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company, during the audit period covering the financial year ended on March 31, 2021(i.e. from April 01, 2020 to March 31, 2021) complied with the statutory provisions listed hereunder and also the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

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

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

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

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

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

(v) Reserve Bank of India, Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016

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

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

   (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; (Not applicable to the Company during the audit period)

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

   (d) The Securities Exchange Board of India (Share Based Employee Benefit) Regulations, 2014; (Not applicable to the Company during the audit period)

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

   (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) (Amendment) Regulations, 2018 regarding the Companies Act and dealing with client;

   (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2018; (Not applicable to the Company during the audit period) and

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

(vii) The Employees Provident Fund and Miscellaneous Provisions Act, 1952;

(viii) Employees State Insurance Act, 1948;

(ix) Employers Liability Act, 1938;

(x) Equal Remuneration Act, 1976;

(xi) Factories Act, 1948;

(xii) Maternity Benefits Act, 1961;

(xiii) Minimum Wages Act, 1948;

(xiv) Negotiable Instruments Act, 1881;

(xv) Payment of Bonus Act, 1965;

(xvi) Payment of Gratuity Act, 1972;

(xvii) Payment of Wages Act, 1936 and other applicable labourlaws;

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

(i) Revised Secretarial Standards issued by the Institute of Company Secretaries of India(ICSI);

(ii) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and listing agreement entered into by the Company with BSE Limited. The Non-Convertible Debentures (NCDs) of the Company has been listed with BSE from June 2020.

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

We further report that on examination of the relevant documents and records on test check basis and based on the information provided by the Company, its officers and authorized representatives during the conduct of the audit, and also on the review of compliance reports by respective department heads / Company Secretary of the Company, in our opinion, there exist adequate systems and processes and control mechanism in the Company to monitor and ensure compliance with applicable general laws.

We further report that that the compliances by the Company of applicable financial laws, like direct and indirect tax laws, have not been reviewed in this audit since the same is not within the scope of our audit.

We further report that the Board of Directors of the Company has been duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes took place on the Board during the year, has been made in compliance with the Act and rules made thereunder.

We further report that adequate notice was given to all directors to schedule the Board /Committee Meetings and agenda with detailed notes thereon were sent to all the directors in advance, and a system exists for seeking and obtaining further information and clarifications as may be required on the agenda items before the meeting and for meaningful participation at the meeting.

As per the minutes of the meetings duly recorded and signed by the Chairman, all the decisions of the Board were without any dissent.

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

We further report that, during the audit period, the following material events / actions have taken place:

a. Passed a Special Resolution pursuant to Sections 42 and 71 of the Companies Act, 2013 for approving issue of Non-Convertible Debentures up to an aggregate amount of Rs. 500.00 Crores under private placement basis in one or more tranches/series.

b. Issued and allotted 100,650 (one Lakh Six Hundred and Fifty) NCDs aggregating to Rs.75,00,00,000/-(Rupees Seventy Five Crores) on Private Placement in multiple tranches. The details are as follows

S.No	Particulars	No of Securities	Face Value	Amount in RS.
1	13.10% Rated listed secured Redeemable NCDs	150	10,00,000	15,00,00,000
2	12.00% Rated listed secured Redeemable NCDs	250	10,00,000	25,00,00,000
3	12.00% Rated listed secured Redeemable NCDs	250	10,00,000	25,00,00,000
4	15% Rated listed secured Redeemable NCDs	1,00,000	1000	10,00,00,000
Total		**100,650**		**75,00,00,000**

c. Fully redeemed the following Non-Convertible Debentures

S No	Details of Debentures Redeemed
1	1500 Units @13.50% unsecured, Redeemable, Non-Convertible Debentures of face value of Rs.1,00,000/- Each redeemable at par on 30th December, 2020.
2	2000 Units @13.40% unsecured, Redeemable, Non-Convertible Debentures of face value of Rs.1,00,000/- Each redeemable at par on 07th July, 2020.

For RPR & ASSOCIATES
Company Secretaries

Place: Hyderabad
Date:07.09.202

Y Ravi Prasada Reddy
Proprietor
FCS No.5783, C P No. 5360

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

ANNEXURE

To

The Members of

M/s. Kanakadurga Finance Limited

CIN: U65921AP1994PLC018605

54-9-23, 100 Feet Road,

Auto Nagar, Vijayawada, Krishna Dist,

Andhra Pradesh – 520007.

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

1. Maintenance of Secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the process and practices followed by us provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. Wherever required, we have obtained the Management representations about the compliance of laws, rules and regulations and happening of events etc.,
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For RPR & ASSOCIATES

Company Secretaries

Place: Hyderabad
Date:07.09.2021

Y Ravi Prasada Reddy
Proprietor
FCS No.5783, C P No. 5360

Annexure-D

THE ANNUAL REPORT ON CSR ACTIVITIES FOR FINANCIAL YEAR ENDED 31ST DAY OF MARCH, 2021

[Pursuant to Section 135 of the Act & Rules made thereunder]

1. Brief outline on CSR Policy of the Company. The Company has its CSR Policy within broad scope laid down in Schedule VII to the Act, as projects /programmes / activities, excluding activities in its normal course of business.

2. Composition of CSR Committee: As on 31.03.2021

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Mr. Srimannarayana	Chairman / Managing Director cum CFO	1	1
2	Mr. S. Jayaprakash Narayana Chowdary	Member/Managing Director	1	1
3	Mr. Rama Mohan Rao Nannapaneni	Member /Independent Director	1	1

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

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report). Not Applicable

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any.

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in Rs)	Amount required to be set-off for the financial year, if any (in Rs)
1	2017-18	Not Applicable	Not Applicable
2	2018-19	Not Applicable	Not Applicable
3	2019-20	Not Applicable	Not Applicable
	Total	**Not Applicable**	**Not Applicable**

6.	Average net profit of the company as per section 135(5).		Rs. 8,53,54,777/-
7.	(a)	Two percent of average net profit of the company as per section 135(5)	Rs. 17,07,096/-
	(b)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years.	Nil
	(c)	Amount required to be set off for the financial year, if any	Nil
	(d)	Total CSR obligation for the financial year (7a+7b-7c).	Rs. 17,07,096/-

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

Total Amount Spent for the Financial Year. (in Rs.)	Amount Unspent (in Rs.)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount.	Date of transfer.	Name of the Fund	Amount.	Date of transfer.
Rs. 8.51 crore	Nil	Not Applicable	Not Applicable	Nil	Not Applicable

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

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
Sl. No.	Name of the Project.	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No).	Location of the project.		Project duration.	Amount allocated for the project (in Rs.).	Amount spent in the current financial Year (in Rs.).	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in Rs.).	Mode of Implementation - Direct (Yes/No).	Mode of Implementation - Through Implementing Agency	
				State.	District.						Name	CSR Registration number.
	Not Applicable											
	Total	Not Applicable										

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

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act.	Local area (Yes/ No).	Location of the project.		Amount spent for the project (Rs. In Lakhs).	Mode of implementation - Direct (Yes/No).	Mode of implementation - Through implementing agency.	
				State.	District.			Name.	CSR registration number.
1.	Health care activities like medical camps and medical reatment	Providing Health care	Yes	Guntur, Vijayawada, Andhra Pradesh		14.49	No	Sandireddy Lakshmi Narayana Ratnakumari Foundation and Global Helping Hands Inc	N.A.
2	Promoting Education among children	Promoting Education among children	Yes	Andhra Pradesh	Krishna	2.08	Yes	Sandireddy Lakshmi Narayana Ratnakumari Foundation	N.A.
3	Distribution of essential like foods and clothes	Eradicating Hunger and poverty	Yes	Andhra Pradesh Krishna		1.38	No	Sandireddy Lakshmi Narayana Ratnakumari Foundation	N.A.
	Total					17.95			

(d)	Amount spent in Administrative Overheads	Nil
(e)	Amount spent on Impact Assessment, if applicable	Not Applicable
(f)	Total amount spent for the Financial Year (8b+8c+8d+8e)	Rs. 17.95

(g) Excess amount for set off, if any

Sl. No.	Particular	Amount(in Rs.)
(i)	Two percent of average net profit of the company as per section 135(5)	Rs. 17.07 Lakhs
(ii)	Total amount spent for the Financial Year	Rs. 17.95 Lakhs
(iii)	Excess amount spent for the financial year [(ii)-(i)]	0.95 Lakhs
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	Nil

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

Sl. No.	Preceding Financial Year.	Amount transferred to Unspent CSR Account under section 135 (6) (in Rs.)	Amount spent in the reporting Financial Year (in Rs.).	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years. (in Rs.)
				Name of the Fund	Amount (in Rs).	Date of transfer.	
1.	2017-18	Nil	Nil	N.A.	Nil	N.A.	Nil
2.	2018-19	N.A.	Nil	N.A.	Nil	N.A.	Rs. 2.60 crore
3.	2019-20	Nil	Nil	N.A.	Nil	N.A.	Nil
	Total	**Nil**	**Nil**	**N.A.**	**Nil**	**N.A.**	**Nil**

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

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	Project ID.	Name of the Project.	Financial Year in which the project was commenced.	Project duration.	Total amount allocated for the project (in Rs.).	Amount spent on the project in the reporting Financial Year (in Rs).	Cumulative amount spent at the end of reporting Financial Year. (in Rs.)	Status of the project - Completed /Ongoing.
1.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
	Total	**N.A.**	**N.A.**	**N.A.**	**N.A.**	**N.A.**	**N.A.**	**N.A.**

10. **In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details).**

(a)	Date of creation or acquisition of the capital asset(s).	Not Applicable
(b)	Amount of CSR spent for creation or acquisition of capital asset.	Not Applicable
(c)	Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.	Not Applicable
(d)	Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset).	Not Applicable

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

For and on behalf of the Board
For Kanakadurga Finance Limited

S.Srimannarayana
Managing Director and CFO
Chairman of the CSR Committee

Place :Vijayawada
Date :07.09.2021

INDEPENDENT AUDITOR'S REPORT

To
The Members of Kanakadurga Finance Limited
Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Kanakadurga Finance Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2021, and the Statement of Profit and Loss, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes tothe financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013("the Act') in the manner sorequired and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015 as amended and other accounting principles generally acceptedin India, of the state of affairs of the Company as at March 31, 2021, and profit, changes in equityand its cash flows for the year ended on that date.

Basis for Opinion

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

Emphasis of Matter

We draw attention to Note 44 to the financial statements which states that management has made an assessment of the impact of COVID-19 on the Company's operations, financial performance and position as at and for the year ended March 31, 2021and accordingly made a provision of Rs.300 Lakhs towards loans & advances.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in

our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<u>Identification of Non-performing advances (NPA) and provisioning on advances:</u>

The Reserve Bank of India's ("RBI") guidelines on Income recognition and asset classification ("IRAC") prescribe the prudential norms for identification and classification of non-performing assets ("NPA") and the minimum provision required for such assets.

Refer Note 2 and Note 39 of the financial statements

The NBFC is required to have Board approved policy as per IRAC guidelines for NPA identification and provision. Further, the Company has policy on ECL to ensure the compliance with Ind AS 109 requirements and the basis of all assumptions for underlying inputs to ECL model.

The NBFC is also required to apply its judgement to determine the identification and provision required against NPAs by applying quantitative as well as qualitative factors. The risk of identification of NPAs is affected by factors like stress and liquidity concerns in certain sectors.

The provision on NPA is estimated based on ageing and classification of NPAs, recovery estimates, nature of loan product, value of security and other qualitative factors and is subject to the minimum provisioning norms specified by RBI and approved policy of the Bank in this regard.

Additionally, the NBFC makes provisions on exposures that are not classified as NPAs including advances in certain sectors and identified advances or group advances that can potentially slip into NPA. These are classified as contingency provisions.

In line with the COVID-19 Regulatory Package, the NBFC has framed policies for providing moratorium as a relief measure to the borrowers.

Since the identification of NPAs and provisioning for advances require significant level of estimation and given its significance to the overall audit including possible observation by RBI which could result into disclosure in the financial statements, we have ascertained identification and provisioning for NPAs as a key audit matter.

Our audit procedures in respect of this area included:

- Review of thepolicy on ECL for impairment of financial assets.
- Understood the process of ECL computation and tested design and operating effectiveness of key controls around data extraction and validation.
- Evaluated the governance process and review controls over calculations of provision of non-performing advances, basis of provisioning in accordance with the Board approved policy.
- Selected the borrowers based on quantitative and qualitative risk factors for their assessment of appropriate classification as NPA including computation of overdue ageing to assess its correct classification and provision amount as per extant IRAC norms and Bank policy.

  Performed other substantive procedures included and not limited to the following;

- Selected samples of performing loans and assessed independently as to whether those should be classified as NPA.
- For samples selected reviewed the collateral valuation, financial statements and other qualitative information.
- For selected samples assessed independently accounts that can potentially be classified as NPA and Red Flagged Accounts.
- Performed inquiries with the credit and risk departments to ascertain if there were indicators of stress or an occurrence of an event of default in a particular loan account or any product category which needed to be considered as NPA.
- Held specific discussions with the management of the NBFC on sectors where there is perceived credit risk and the steps taken to mitigate the risks to identified sectors.
- Selected samples for standard accounts, default but standard accounts and overdue accounts and assessed compliance with RBI circular on COVID-19 Regulatory Package.
- Assessed the adequacy of disclosures against the relevant accounting standards and RBI requirements relating to NPAs

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the Director's report etc but does not include thefinancial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and theManagement report, Chairman's statementetc, which is expected to be made available to us after that date.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Management report, Chairman's statementetc, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance under SA 720 'The Auditor's responsibilities Relating to Other Information'

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

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detectingfrauds 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, thatwere operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair viewand are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether thefinancial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's reportthat 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 thesefinancial statements.

We give in "Annexure A" a detailed description of Auditor's responsibilities for Audit of the Financial Statements.

Other Matter

The comparative financial information of the Company for the year ended 31st March, 2021 and the transition date opening Balance Sheet as at 1st April, 2019 included in these financial statements are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 for the year ended 31st March, 2019 and 31st March, 2020 on which we issued an unmodified audit opinion vide our reports dated July 26, 2019 and August 20, 2020 respectively on those financial statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have also been audited by us.

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we givein"Annexure B" 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, the Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.

   (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

   (e) On the basis of the written representations received from the directors as on 31st March,2021 taken on record by the Board of Directors, none of the directors are disqualified as on 31st March, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.

   (f) With respect tothe 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 C".

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

      i. The Companydoes not have any pending litigations which would impact its financial position

      ii. The Company did nothave any long-term contracts including derivative contracts for which there were anymaterial foreseeable losses.

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

3. As required by The Companies (Amendment) Act, 2017, in our opinion, according to information, explanations given to us, the remuneration paid by the Company to its directors is within the limits laid prescribed under Section 197 of the Act and the rules thereunder.

For MSKA & Associates
Chartered Accountants
ICAI Firm Registration No. 105047W

Ananthakrishnan G
Partner
Membership No. 205226
UDIN: 21205226AAAAGA5218

Place:Hyderabad
Date: July 29, 2021

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT ON EVEN DATE ON THE FINANCIAL STATEMENTS OF KANAKADURGA FINANCE LIMITED FOR THE YEAR ENDED MARCH 31, 2021

Auditor's Responsibilities for the Audit of the Financial Statements

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned

scope and timing of the audit and significant audit findings, including any significant deficiencies in

internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore, the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

For MSKA & Associates
Chartered Accountants
ICAI Firm Registration No. 105047W

Ananthakrishnan G
Partner
Membership No. 205226
UDIN: 21205226AAAAGA5218

Place: Hyderabad
Date: July 29, 2021

ANNEXURE B TO INDEPENDENT AUDITORS' REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF KANAKADURGA FINANCE LIMITED FOR THE YEAR ENDED MARCH 31, 2021.

[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report]

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

(b) Fixed assets (Property, Plant and Equipment) have been physically verified by the management during the year and no material discrepancies were identified on such verification.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.

ii. The Company is involved in the business of rendering services. Accordingly, the provisions stated in paragraph 3(ii) of the Order are not applicable to the Company.

iii. The Company has not granted any loans, secured or unsecured to Companies, Firms, Limited Liability Partnerships (LLP) or other parties covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act'). Accordingly, the provisions stated in paragraph 3 (iii) (a) to (c) of the Order are not applicable to the Company.

iv. In our opinion and according to the information and explanations given to us, the Company has not either directly or indirectly, granted any loan to any of its directors or to any other person in whom the director is interested, in accordance with the provisions of section 185 of the Act and the Company has not made investments through more than two layers of investment companies in accordance with the provisions of section 186 of the Act. Accordingly, provisions stated in paragraph 3(iv) of the Order are not applicable to the Company.

In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the rules framed there under.

vi. The provisions of sub-section (1) of section 148 of the Act are not applicable to the Company as the Central Government of India has not specified the maintenance of cost records for any of the products of the Company. Accordingly, the provisions stated in paragraph 3 (vi) of the Order are not applicable to the Company.

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 regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and service tax, duty of customs, cess and any other statutory dues applicable to it.

(b) According to the information and explanation given to us and examination of records of the Company, the outstanding dues of income-tax, goods and service tax, customs duty, cess and any other statutory dues on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount Rs.	Period to which the amount relates	Forum where dispute is pending	Remarks, if any
Income Tax Act, 1961	**Income Tax**	**10,77,561/-**	**A.Y. 2017-18**	**Commissioner of Income Tax (Appeals)**	**None**

viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to the financial institution, bank or debenture holders.

ix. In our opinion, according to the information explanation provided to us, money raised by way of debt instruments and term loans during the year have been applied for the purpose for which they were raised.

x. During the course of our audit, 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.

xi. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, the provisions stated in paragraph 3(xii) of the Order are not applicable to the Company.

xiii. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into transactions with the related parties as stated in the provisions of the sections 177 and 188 of the Act. Accordingly, provisions stated in paragraph 3(xiii) of the Order are not applicable to the Company.

xiv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, the provisions stated in paragraph 3 (xiv) of the Order are not applicable to the Company.

xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, provisions stated in paragraph 3(xv) of the Order are not applicable to the Company.

xvi. The Company is required and has been registered under section 45-IA of Reserve Bank of India Act, 1934 as non-deposit accepting Non- Banking Financial company ('NBFC-ND').

For MSKA & Associates
Chartered Accountants
ICAI Firm Registration No. 105047W

Ananthakrishnan G
Partner
Membership No. 205226
UDIN: 21205226AAAAGA5218

Place: Hyderabad
Date: July 29, 2021

ANNEXURE C TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF KANAKADURGA FINANCE LIMITED FOR THE YEAR ENDED MARCH 31, 2021.

[Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report]

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

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

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls with Reference to Financial Statements

A Company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with 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 financial statements.

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

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

Opinion

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

For MSKA & Associates
Chartered Accountants
ICAI Firm Registration No. 105047W

Ananthakrishnan G
Partner
Membership No. 205226
UDIN: 21205226AAAAGA5218

Place: Hyderabad
Date: July 29, 2021

Auditor's Report on Half Year and Year to Date Financial Results pursuant to the Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015

To the Board of Directors of Kanakadurga Finance Limited
Report on the Audit of Annual Financial Results

Opinion

We have audited the accompanying annual financial results of Kanakadurga Finance Limited (hereinafter referred to as 'the Company') for the half year and year ended March 31, 2021 ('the Statement'), attached herewith, being submitted by the Company pursuant to the requirement of Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('Listing Regulations').

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Statement:

i) are presented in accordance with the requirements of Regulation 52 of the Listing Regulations in this regard; and

ii) give a true and fair view in conformity with the applicable accounting standards prescribed under Section 133 of the Companies Act, 2013 ("the Act") read with Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India, of net profit and other comprehensive income and other financial information of the Company for the year ended March 31, 2021.

Basis for Opinion

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

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 6 to the financial statements which states that management has made an assessment of the impact of COVID-19 on the Company's operations, financial performance, and position as at and for the year ended March 31,2021 and accordingly made a provision of Rs.3,00,00,000 towards loans & advances.

Our opinion is not modified in respect of this matter.

Board of Directors' Responsibilities for the Financial Results

This Statement have been prepared on the basis of the annual financial statements. The Company's Board of Directors are responsible for the preparation and presentation of this Statement that give a true and fair view of the net profit and other comprehensive income in accordance with the Indian Accounting Standards prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015, as amended issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 52 of the Listing Regulations. The Board of Directors of the Company are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Statement that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Statement by the Directors of the Company, as aforesaid.

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

The Board of Directors of the Company are responsible for overseeing the financial reporting process of the Company.

Auditor's Responsibilities for the Audit of the Financial Results

Our objectives are to obtain reasonable assurance about whether the Statement 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 based on these Statement.

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 Statement, 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 the Board of Directors.

- Conclude on the appropriateness of the Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company 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 Statement 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 Statement, including the disclosures, and whether the Statement represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Other Matters

The comparative financial information of the company for the year ended 31st March, 2021 included in the Statement is based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 for the year ended 31st March, 2020 on which we issued an unmodified audit opinion vide our reports dated August 20, 2020 on those financial statements, as adjusted for the differences in the accounting principles adopted by the company on transition to the Ind AS, which have also been audited by us.

Our opinion is not modified in respect of these matters.

The Statement include the results for the half year ended 31st March, 2021 being the balancing figure between the audited figures in respect of the full financial year and the published unaudited year to date figures up to the first half year of the current financial year prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" which were subject to limited review by us.

For MSKA & Associates
Chartered Accountants
ICAI Firm Registration No.105047W

Ananthakrishnan G
Partner
Membership No.: 205226
UDIN: 21205226AAAAFZ4036

Place: Hyderabad
Date: July 29, 2021

KANAKADURGA FINANCE LIMITED
Balance Sheet As At March 31, 2021

(Currency : INR in lakhs)

Particulars	Note	As at March 31, 2021	As at March 31, 2020	As at April 01, 2019
ASSETS				
(1) Financial Assets				
Cash and Cash Equivalent	1(i)	9,232.69	3,272.38	6,335.44
Bank Balance other than cash and cash equivalent	1(ii)	1,149.91	1,146.29	499.07
Loans	2	34,654.74	48,345.17	45,567.22
Other Financial Assets	3	447.67	500.32	689.52
		45,485.02	**53,264.17**	**53,091.25**
(2) Non- Financial Assets				
Current tax assets (Net)	4	130.38	162.76	12.67
Deferred tax assets (Net)	5	37.57	102.77	7.64
Property, Plant and Equipment	6	1,520.85	1,614.55	1,610.97
Right to Use assets	6	642.10	807.44	886.94
Intangible assets	7	5.44	18.87	26.96
Other non-financial assets	8	120.94	154.71	128.96
		2,457.28	**2,861.10**	**2,674.14**
Total Assets		**47,942.29**	**56,125.26**	**55,765.39**
LIABILITIES AND EQUITY				
LIABILITIES				
(1) Financial Liabilites				
Payables				
(i) Trade Payables				
(i) total outstanding dues of micro enterprises and small enterprises		-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		-	-	-
(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	9	11,377.72	7,258.63	6,952.29
Borrowings (Other than Debt Securities)	10	17,954.77	28,129.21	32,751.41
Subordinated Liabilities	11	1,000.00	1,000.00	1,000.00
Other financial liabilities	12	7,097.33	10,336.74	6,016.49
		37,429.82	**46,724.59**	**46,720.19**
(2) Non-Financial Liabilites				
Provisions	13	37.29	16.69	7.39
Other non-financial liabilities	14	54.53	77.66	107.21
		91.81	**94.35**	**114.59**
(3) EQUITY				
Equity Share capital	15	1,521.72	1,521.72	1,521.72
Other Equity	16	8,898.94	7,784.61	7,408.89
		10,420.65	**9,306.33**	**8,930.61**
Total Liabilites and Equity		**47,942.29**	**56,125.26**	**55,765.39**

Summary of significant accounting policies and
The accompanying notes are an integral part of the financial statements

As per our report of even date
For **MSKA & Associates**
Chartered Accountants
Firm Registration No.:105047W

For and on behalf of the Board of Directors of
KANAKADURGA FINANCE LIMITED
CIN: U65921AP1994PLC018605

Ananthakrishnan G
Partner
Membership No:205226
Place: Hyderabad
Date: 29.07.2021

S.J.P Narayana
Managing Director
DIN: 00538246

`S.Srimannarayana
Managing Director Cum CFO
DIN: 00538273

S.Lakshmi Narayana
Whole Time Director
DIN: 00538185

B.N.Suvarcharla
Company Secretary
Membership no:32684

PLACE: VIJAYAWADA
DATE: 29-07-2021

KANAKADURGA FINANCE LIMITED

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

(Currency : INR in lakhs)

Particulars	Note	March 31, 2021	March 31, 2020
Revenue from Operations			
Interest Income	17	10,576.41	11,662.75
Fees and commission Income	18	641.47	769.55
(I) Total Revenue from Operations		**11,217.88**	**12,432.30**
(II) Other Income	19	21.03	34.50
(III) Total Income (I+II)		**11,238.91**	**12,466.80**
Expenses			
Finance Costs	20	5,191.23	6,195.69
Impairment on financial instruments	21	987.22	929.78
Employee Benefits Expenses	22	2,100.90	2,800.22
Depreciation, amortization and impairment	23	333.03	308.65
Others expenses	24	1,122.28	1,684.92
(IV) Total Expenses		**9,734.66**	**11,919.26**
(V) Profit before tax (III -IV)		**1,504.25**	**547.54**
(VI) Tax Expense:			
- Current tax		315.00	256.72
- Adjustments in respect of current income tax of previous year			6.61
- Deferred Tax		65.19	(95.12)
(VII) Profit for the period (V-VI)		**1,124.06**	**379.32**
(VIII) Other Comprehensive Income			
A) Items that will not be reclassified to profit or loss (specify items and amounts) (a) Remeasurements of the defined benefit plans		(9.73)	(3.61)
Other Comprehensive Income		**(9.73)**	**(3.61)**
(IX) Total Comprehensive Income / (Loss) for the period (VII+VIII)		**1,114.33**	**375.72**
(X) Earnings per equity share	**33**		
Basic (INR)		7.39	2.49
Diluted (INR)		7.39	2.49

Summary of significant accounting policies and
The accompanying notes are an integral part of the financial statements

As per our report of even date
For **MSKA & Associates**
Chartered Accountants
Firm Registration No.:105047W

For and on behalf of the Board of Directors of
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PLACE: VIJAYAWADA
DATE: 29-07-2021

KANAKADURGA FINANCE LIMITED

Statement of cash flows for the year ended March 31, 2021

(Currency : INR in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Cash flow from operating activities		
Profit / (Loss) before tax	**1,504.25**	**547.54**
Adjustments for:		
Depreciation and amortization expenses	125.85	119.37
Amortization expenses on Intangibles	13.69	14.16
(Gain)/ loss on sale of fixed assets	3.82	11.89
Impairment on financial instruments	113.64	249.77
Bad debts and Write offs	873.58	680.01
Finance cost Incurred	4,379.20	6,227.78
Interest income accrued	(414.86)	(523.13)
Provision for Gratuity	10.87	5.70
Operating Profit/(Loss) before working capital changes and adjustments for interest received, interest paid and dividend received	**6,610.04**	**7,333.10**
Changes in working capital		
Decrease/(Increase) in Loans	13,118.06	(3,184.60)
Decrease/(Increase) in other financial assets	49.04	(458.03)
Decrease/(Increase) in ROU Assets	165.35	79.50
Decrease/(Increase)in other non-financial assets	16.16	(64.46)
(Decrease)/Increase in other financial liabilities	(3,239.41)	4,320.24
(Decrease)/Increase in other non- financial liabilities	(23.13)	(29.55)
Cash used in operations before adjustments for interest received, interest paid and dividend received	**16,696.10**	**7,996.21**
Cash used in operations	**16,696.10**	**7,996.21**
Income tax paid (including TDS receivable & IT Refund)	(265.00)	(374.70)
Net cash flows from (used in) operating activities (A)	**16,431.10**	**7,621.51**
Cash flow from Investing activities		
Purchase of property, plant and equipment	(38.02)	(145.70)
Purchase of intangible assets	(0.26)	(6.08)
Proceeds from sale of property, plant and equipment	2.04	10.87
Net cash flow from / (Used in) investing activities (B)	**(36.24)**	**(140.92)**

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Cash flow from Financing activities		
Debt securities issued (including Subordinated debt)	7,438.00	3,167.97
Debt securities repaid (including Subordinated debt)	(3,695.18)	(2,947.04)
Borrowings other than debt securities taken	6,343.40	13,222.40
Borrowings other than debt securities repaid	(16,600.49)	(17,974.51)
Finance Cost paid	(3,920.28)	(6,012.47)
Net cash flow from financing activities (C)	**(10,434.55)**	**(10,543.65)**
Net increase in cash and cash equivalents (A+B+C)	**5,960.31**	**(3,063.05)**
Cash and cash equivalents at the beginning of the year	3,272.38	6,335.44
Cash and cash equivalents at the end of the year	**9,232.69**	**3,272.38**

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following:

Cash and cash equivalents	March 31, 2021	March 31, 2020	April 01, 2021
Balances with banks:			
On current accounts	8,589.52	2,938.80	5,738.59
Cash on hand	643.17	333.58	596.84
Total	**9,232.69**	**3,272.38**	**6,335.44**

The above cashflow statement has been prepared under the 'Indirect Method' as set out in Ind AS-'Statement of cashflows'.

The accompanying notes are an integral part of the financial statements.

As per our report of even date
For **MSKA & Associates**
Chartered Accountants
Firm Registration No.:105047W

For and on behalf of the Board of Directors of
KANAKADURGA FINANCE LIMITED
CIN: U65921AP1994PLC018605

Ananthakrishnan G
Partner
Membership No:205226
Place: Hyderabad
Date: 29.07.2021

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Managing Director
DIN: 00538246

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Whole Time Director
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B.N.Suvarcharla
Company Secretary
Membership no:32684

PLACE: VIJAYAWADA
DATE: 29-07-2021

KANAKADURGA FINANCE LIMITED
Statement of changes in equity for the year ended March 31, 2021

(Currency : INR in lakhs)

(A)	Equity share capital*	As at March 31, 2021		As at March 31, 2020		As at April 01, 2019	
		No. of shares	Amount	No. of shares	Amount	No. of shares	Amount
	Equity shares of INR 10/- each issued, subscribed and fully paid						
	Opening	152.17	1,521.72	152.17	1,521.72	152.17	1,521.72
	Add: Issued during the year	-	-	-	-	-	-
	Closing	**152.17**	**1,521.72**	**152.17**	**1,521.72**	**152.17**	**1,521.72**

(B) Other equity

01 April 2019 to 31 March 2020

Particulars	Reserve and surplus				Other Comprehensive Income	Total
	General Reserves	Securities Premium	Statutory Reserves	Retained Earnings		
Balance at the beginning of the reporting period	1.51	3,314.47	892.98	3,199.93	-	7,408.89
Profit or (loss) for the period				379.32		379.32
Other Comprehensive Income for the year	-	-	-	-	(3.61)	(3.61)
Transfer to Statutory reserves	-	-	144.61	(144.61)	-	-
Balance at the end of the reporting period	**1.51**	**3,314.47**	**1,037.59**	**3,434.64**	**(3.61)**	**7,784.61**

01 April 2020 to 31 March 2021

Particulars	Reserve and surplus				Other Comprehensive Income	Total
	General Reserves	Securities Premium	Statutory Reserves	Retained Earnings		
Balance at the beginning of the reporting period	1.51	3,314.47	1,037.59	3,434.64	(3.61)	7,784.61
Profit or (loss) for the period				1,124.06		1,124.06
Total Comprehensive Income for the year	-	-	-		(9.73)	(9.73)
Transfer to Statutory reserves	-	-	224.81	(224.81)	-	-
Balance at the end of the reporting period	**1.51**	**3,314.47**	**1,262.41**	**4,333.89**	**(13.34)**	**8,898.94**

As per our report of even date
For **MSKA & Associates**
Chartered Accountants
Firm Registration No.:105047W

For and on behalf of the Board of Directors of
KANAKADURGA FINANCE LIMITED
CIN: U65921AP1994PLC018605

Ananthakrishnan G
Partner
Membership No:205226
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B.N.Suvarcharla
Company Secretary
Membership no:32684

PLACE: VIJAYAWADA
DATE: 29-07-2021

Notes forming part of the Financial Statements for the year ended March 31, 2021

(All amounts in INR Lakhs, unless otherwise stated)

1 General Information

KanakaDurga Finance Limited (the "Company") is a public limited company domiciled in India and incorporated on October 24th, 1994 under the provisions of the Companies Act, 1956 applicable in India. Its registered and principal office of business is located at # 54-9-23, 100 feet road, Auto nagar, Vijayawada- 520 007. The Company was registered as a non-deposit accepting Non- Banking Financial company ('NBFC-ND') and classified as a Non- Banking Financial Company - Asset Finance Company ('NBFC-AFC') with effect from February 24th ,2015. The company provides finances for Used Commercial vehicles, Two wheelers and Gold loans.

2 Significant accounting policies

Significant accounting policies adopted by the company are as under:

2.1 Basis of Preparation of Financial Statements

The Balance Sheet, Statement of Profit and Loss and Statement of changes in Equity are prepared and presented in the format prescribed in the Division III of Schedule III of the companies Act 2013. The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS - 7Statement of cash flows. Amounts in the financial statements are presented in Indian Rupees.

(a) Statement of Compliance with Ind AS

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the "Act") read with the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016. (As Amended from time to time)

The financial statements up to year ended 31 March 2020 were prepared in accordance with the accounting standards notified under the section 133 of the Act, read with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

These financial statements for the year ended 31 March 2021 are the first set of financial statements prepared in accordance with Ind AS. Refer note 41 for an explanation of how the Company has adopted Ind AS.

The Company is regulated by the Reserve Bank of India ('RBI'). RBI periodically issues/amends directions, regulations and/or guidance (collectively "Regulatory Framework") covering various aspects of the operation of the Company, including those relating to accounting for certain types of transactions. The Regulatory Framework contains specific instructions that need to be followed by the Company in preparing its financial statements. The financial statements for the current and previous year may need to undergo changes in measurement and / or presentation upon receipt of clarifications on the Regulatory Framework or changes thereto.

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

(b) Basis of measurement

The financial statements have been prepared on a historical cost convention on accrual basis, except for the following material items that have been measured at fair value as required by relevant Ind AS:-

i) Certain financial assets and liabilities measured at fair value (refer accounting policy on financial instruments)

All assets and liabilities have been classified as current or non-current as per the Company's operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of services and the time between the rendering of service and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current and noncurrent classification of assets and liabilities.

(c) Use of estimates

The preparation of financial statements in conformity with Ind AS requires the Management to make estimate and assumptions that affect the reported amount of assets and liabilities as at the Balance Sheet date, reported amount of revenue and expenses for the year and disclosures of contingent liabilities as at the Balance Sheet date. The estimates and assumptions used in the accompanying financial statements are based upon the Management's evaluation of the relevant facts and circumstances as at the date of the financial statements. Actual results could differ from these estimates. Estimates and underlying assumptions are reviewed on a periodic basis. Revisions to accounting estimates, if any, are recognized in the year in which the estimates are revised and in any future years affected. Refer Note 39 for detailed discussion on estimates and judgments.

2.2 Property, plant and equipment

Property, plant and equipment has been fair valued as on the transition date.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to Statement of Profit and Loss during the year in which they are incurred.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets and the cost of assets not put to use before such date are disclosed under 'Capital work-in-progress'.

Notes forming part of the Financial Statements for the year ended March 31, 2021

(All amounts in INR Lakhs, unless otherwise stated)

Depreciation methods, estimated useful lives

The Company depreciates property, plant and equipment over their estimated useful lives using the straight line method. The estimated useful lives of assets are as follows:

Property, plant and equipment	Useful Life
Plant & Machinery	15 years
Buildings	60 years
Furniture and Fixtures	10 years
Office Equipment	5 years
Vehicle	8 years
Computers	3 years

Depreciation on addition to property plant and equipment is provided on pro-rata basis from the date of acquisition. Depreciation on sale/deduction from property plant and equipment is provided up to the date preceding the date of sale, deduction as the case may be. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in Statement of Profit and Loss under 'Other Income'.

Depreciation methods, useful lives and residual values are reviewed periodically at each financial year end and adjusted prospectively, as appropriate.

Assets costing INR 5000 or less are depreciated @ 100% in the year of put to use.

2.3 Other Intangible Assets

Intangible assets are stated at acquisition cost, net of accumulated amortization.

The Company amortized intangible assets over their estimated useful lives using the straight line method. The estimated useful lives of intangible assets are as follows:

Intangible assets	Useful life
Computer Software	
- ERP	3 years
- Other than ERP	3 years

Intangible assets with finite lives are assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

2.4 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Indian rupee (INR), which is the Company's functional and presentation currency.

2.5 Fair value measurement

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 various valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

2.6 Revenue Recognition

a) The effective interest rate method

Under Ind AS 109 interest income is recorded using the effective interest rate (EIR) method for all financial instruments measured at amortised cost, debt instrument measured at FVOCI and debt instruments designated at FVTPL. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset. The EIR (and therefore, the amortised cost of the asset) is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the EIR. The Company recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loan. Hence, it recognises the effect of potentially different interest rates charged at various stages, and other characteristics of the product life cycle (including prepayments, penalty interest and charges)If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk. The adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the balance sheet with an increase or reduction in interest income. The adjustment is subsequently amortised through Interest income in the statement of profit and loss.

b) Interest income on fixed deposits

Interest Income is recognised on a basis of effective interest method as set out in Ind AS 109, Financial Instruments, and where no significant uncertainty as to measurability or collectability exists.

Notes forming part of the Financial Statements for the year ended March 31, 2021

(All amounts in INR Lakhs, unless otherwise stated)

c) Other income

Other charges including application fees (penal interest, cheque bouncing charges, etc.) are recognised on realization basis.

2.7 Taxes

Tax expense for the year, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the year.

(a) Current income tax

Current tax assets and liabilities are measured at the amount expected to be recovered or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the year end date. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

(b) Deferred tax

Deferred income tax is provided in full, using the balance sheet approach, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in financial statements. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the year and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

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 on the basis of amounts expected to be paid to the tax authorities

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Current and deferred tax is recognized in Statement of Profit and Loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

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

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

~ When the tax incurred on expenses is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the expense item.

~ When receivables and payables are stated with the amount of tax included.

The company does not avail input tax credit for the purchase of assets, the tax paid is recognised as part of the asset.

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet

2.8 Leases

The Company as a lessee

The Company assesses whether a contract contains a lease, at 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: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) 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.

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

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Notes forming part of the Financial Statements for the year ended March 31, 2021

(All amounts in INR Lakhs, unless otherwise stated)

2.9 Impairment of non-financial assets

The Company assesses at each year end whether there is any objective evidence that a non financial asset or a group of non financial assets is impaired. If any such indication exists, the Company estimates the asset's recoverable amount and the amount of impairment loss.

An impairment loss is calculated as the difference between an asset's carrying amount and recoverable amount. Losses are recognized in Statement of Profit and Loss and reflected in an allowance account. When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through Statement of Profit and Loss.

The recoverable amount of an asset or cash-generating unit (as defined below) is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash in flows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

2.10 Provisions and contingent liabilities

Provisions are recognized when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance sheet date.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

2.11 Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks, cash on hand and short-term deposits net of bank overdraft with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purposes of the cash flow statement, cash and cash equivalents include cash on hand, cash in banks and short-term deposits net of bank overdraft.

2.12 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.

(a) Financial assets

(i) (a) Date of recognition

Financial assets with the exception of loans are initially recognised on the trade date, i.e., the date that the Company becomes a party to the contractual provisions of the instrument. This includes regular way trades: purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place. Loans are recognised when funds are transferred to the customers' account.

(i) (b) Initial recognition and measurement

At initial recognition, financial asset is measured at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

(i) (c) Day 1 profit and loss

When the transaction price of the instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, the Company recognises the difference between the transaction price and fair value in net gain on fair value changes. In those cases where fair value is based on models for which some of the inputs are not observable, the difference between the transaction price and the fair value is deferred and is only recognised in profit or loss when the inputs become observable, or when the instrument is derecognised.

(ii) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in following categories:

a) at amortized cost; or

b) at fair value through other comprehensive income; or

c) at fair value through profit or loss.

Notes forming part of the Financial Statements for the year ended March 31, 2021

(All amounts in INR Lakhs, unless otherwise stated)

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

Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method (EIR).

Fair value through other comprehensive income (FVOCI): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in Statement of Profit and Loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to Statement of Profit and Loss and recognized in other gains/ (losses). Interest income from these financial assets is included in other income using the effective interest rate method.

Fair value through profit or loss (FVTPL): Assets that do not meet the criteria for amortized cost or FVOCI are measured at fair value through profit or loss. Interest income from these financial assets is included in other income.

Reclassification within classes of financial assets

A change in the business model would lead to a prospective re-classification of the financial asset and accordingly the measurement principles applicable to the new classification will be applied. During the current financial year and previous accounting period there was no change in the business model under which the Company holds financial assets and therefore no reclassifications were made.

(iii) Impairment of financial assets

In accordance with Ind AS 109, Financial Instruments, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on financial assets that are measured at amortized cost and FVOCI.

For recognition of impairment loss on financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If in subsequent years, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12 month ECL.

Life time ECLs are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12 month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the year end.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e. all shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider all contractual terms of the financial instrument (including prepayment, extension etc.) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument.

In general, it is presumed that credit risk has significantly increased since initial recognition if the payment is more than 60 days past due.

ECL impairment loss allowance (or reversal) recognized during the year is recognized as income/expense in the statement of profit and loss. In balance sheet ECL for financial assets measured at amortized cost is presented as an allowance, i.e. as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

(iv) Derecognition of financial assets

A financial asset is derecognized only when

a) the rights to receive cash flows from the financial asset is transferred or

b) retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the financial asset is transferred then in that case financial asset is derecognized only if substantially all risks and rewards of ownership of the financial asset is transferred. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognized.

(v) Write-off

Impaired loans and receivables are written off, against the related allowance for loan impairment on completion of the Company's internal processes and when the Company concludes that there is no longer any realistic prospect of recovery of part or all of the loan. For loans that are individually assessed for impairment, the timing of write off is determined on a case by case basis. A write-off constitutes a de-recognition event. The Company has a right to apply enforcement activities to recover such written off financial assets. Subsequent recoveries of amounts previously written off are credited to the income statement.

Notes forming part of the Financial Statements for the year ended March 31, 2021

(All amounts in INR Lakhs, unless otherwise stated)

(b) Financial liabilities

(i) Initial recognition and measurement

Financial liabilities, with the exception of debt securities and borrowings are initially recognised on the trade date, i.e., the date that the Company becomes a party to the contractual provisions of the instrument. The Company recognises debt securities and borrowings when funds reach the Company.

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss and at amortized cost, as appropriate.

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

(ii) Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognized in the Statement of Profit and Loss.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in Statement of Profit and Loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the Statement of Profit and Loss.

(iii) Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the Statement of Profit and Loss as finance costs.

2.13 Employee Benefits

(a) Other long-term employee benefit obligations

(i) Defined contribution plan

The company makes defined Contributions to Government Employee Provident Fund, Government Employee Pension Fund, Employee Deposit Linked Insurance & ESI Which are recognised in statement of profit or loss on accrual basis.

The company has no further obligations under these plans beyond its monthly contributions.

(ii) Defined benefit plans

Gratuity: The Company provides for gratuity, a defined benefit plan (the 'Gratuity Plan") covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/gains are recognized in the other comprehensive income in the year in which they arise.

2.14 Earnings 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. Earnings considered in ascertaining the Company's earnings per share is the net profit or loss for the year after deducting preference dividends and any attributable tax thereto for the year. The weighted average number of equity shares outstanding during the year and for all the years presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resources.

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 is adjusted for the effects of all dilutive potential equity shares.

2.15 Significant accounting judgments, estimates and assumptions

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future years.

Notes forming part of the Financial Statements for the year ended March 31, 2021

(All amounts in INR Lakhs, unless otherwise stated)

Estimates and assumptions

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

a) Taxes

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

The Company neither have any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, the Company has determined that it cannot recognize deferred tax assets on the tax losses carried forward except for the unabsorbed depreciation.

b) Defined benefit plans (gratuity benefits and leave encashment)

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

The principal assumptions are the discount and salary growth rate. The discount rate is based upon the market yields available on government bonds at the accounting date with a term that matches that of liabilities. Salary increase rate takes into account of inflation, seniority, promotion and other relevant factors on long term basis. For details refer Note 28.

c) Impairment of non-financial assets

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating units based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

Judgements

a) Business model assessment

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

b) Fair value measurement:

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 various valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

c) Effective Interest Rate (EIR) method

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

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

d) Impairment of financial asset

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

Notes forming part of the Financial Statements for the year ended March 31, 2021

(All amounts in INR Lakhs, unless otherwise stated)

increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

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

- The Company's internal credit grading model, which assigns PDs to the individual grades
- The Company's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a LTECL basis and the qualitative assessment
- The segmentation of financial assets when their ECL is assessed on a collective basis
- Development of ECL models, including the various formulas and the choice of inputs
- Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels and collateral values, and the effect on PDs, EADs and LGDs
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models

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

e) Provisions and other contingent liabilities

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

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

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

2. 16 Standards (including amendments) issued but not yet effective

There are neither new standards nor amendments to existing standards which are effective for the annual period

beginning from April 1, 2021.

2.17 First-time adoption of Ind-AS

These financial statements are the first set of Ind AS financial statements prepared by the Company. Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for year ending on 31 March 2021, together with the comparative year data as at and for the year ended 31 March 2020, as described in the significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at 1 April 2019, being the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at 1 April 2019 and the financial statements as at and for the year ended 31 March 2021.

2.18 Mandatory Exemption on first-time adoption of Ind AS

a) Estimates

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with Indian GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at 1 April 2019 are consistent with the estimates as at the same date made in conformity with Indian GAAP. The Company made estimates for following items in accordance with Ind AS at the date of transition as these were not required under Indian GAAP:

(i) Impairment of financial assets based on expected credit loss model.

(ii) FVTPL – debt securities

(iii) FVTOCI – debt securities

(iv) Effective interest rate used in calculation of security deposit.

b) Derecognition of financial assets and financial liabilities

A first-time adopter should apply the derecognition requirements in Ind AS 109, Financial Instruments, prospectively to transactions occurring on or after the date of transition. Therefore, if a first-time adopter derecognized non-derivative financial assets or non-derivative financial liabilities under its Indian GAAP as a result of a transaction that occurred before the date of transition, it should not recognize those financial assets and liabilities under Ind AS (unless they qualify for recognition as a result of a later transaction or event). A first-time adopter that wants to apply the derecognition requirements in Ind AS 109,Financial Instruments, retrospectively from a date of the entity's choosing may only do so, provided that the information needed to apply Ind AS 109,Financial Instruments, to financial assets and financial liabilities derecognized as a result of past transactions was obtained at the time of initially accounting for those transactions.

The Company has elected to apply the de-recognize provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

Notes forming part of the Financial Statements for the year ended March 31, 2021

(All amounts in INR Lakhs, unless otherwise stated)

c) Classification and measurement of financial assets

Ind AS 101, First-time Adoption of Indian Accounting Standards, requires an entity to assess classification and measurement of financial assets (investment in debt instruments) on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

2.19 Operating segments

The Company's main business is financing by way of loans for retail in India. The Company's operating segments consist of "Financing Activity". All other activities of the Company revolve around the main businesses. This in the context of Ind AS 108 – operating segments reporting are considered to constitute reportable segment. The Chief Operating Decision Maker (CODM) of the Company is the Board of Directors. Operating segment disclosures are consistent with the information reviewed by the CODM.

An operating segment is a component of the company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the company's other components, and for which discrete financial information is available.

2.20 Statement of cash flows

Statement of Cash Flows is prepared segregating the cash flows into operating, investing and financing activities. Cash flow from operating activities is reported using indirect method adjusting the net profit for the effects of:

i. changes during the period in operating receivables and payables transactions of a non-cash nature;

ii. non-cash items such as depreciation, provisions, deferred taxes, unrealised foreign currency gains and losses, and undistributed profits of associates and joint ventures; and

iii. all other items for which the cash effects are investing or financing cash flows.

Cash and cash equivalents (including bank balances) shown in the Statement of Cash Flows exclude items which are not available for general use as on the date of Balance Sheet

2.21 Modification of financial assets

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/or timing of the contractual cash flows either immediately or at a future date. The Company renegotiates loans to customers in financial difficulty to maximise collection and minimise the risk of default. A loan forbearance is granted in cases where although the borrower made all reasonable efforts to pay under the original contractual terms, there is a high risk of default or default has already happened and the borrower is expected to be able to meet the revised terms. The revised terms in most of the cases include an extension of the maturity of the loan, changes to the timing of the cash flows of the loan (principal and interest repayment), reduction in the amount of cash flows due (principal and interest forgiveness).

Not all changes in terms of loans are considered as renegotiation and changes in terms of a class of obligors that are not overdue is not considered as renegotiation and is not subjected to deterioration in staging

2.22 De recognition of property, plant and equipment and intangible asset

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss. An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

2.23 Collateral valuation

To mitigate its credit risks on financial assets, the Company seeks to use collateral, where possible. The collateral comes in various forms, such as movable and immovable assets, guarantees, etc. However, the fair value of collateral affects the calculation of ECLs. To the extent possible, the Company uses active market data for valuing financial assets held as collateral. Other financial assets which do not have readily determinable market values are valued using other methodologies. Non-financial collateral, such as vehicles, is valued based on data provided by third parties or management judgements.

2.24 Collateral repossessed

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

2.25 Write-offs

Loans are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when it is determined that the customer does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subjected to write-offs. Any subsequent recoveries are netted off and shown in statement of profit and loss.

2.28 Statutory Reserve

In accordance with section 45-IC of the RBI Act, 1934, the Company creates a reserve fund and transfers therein a sum not less than twenty per cent of its net profit every year as disclosed in the Statement of Profit and loss before any dividend is declared.

Notes forming part of the Financial Statements for the year ended March 31, 2021

(All amounts in INR Lakhs, unless otherwise stated)

1(i)	Cash and Cash Equivalents		March 31, 2021	March 31, 2020	April 01, 2019
	Cash on hand		643.17	333.58	596.84
	Balance with bank in current accounts		8,589.52	2,938.80	5,738.59
	Total	I	**9,232.69**	**3,272.38**	**6,335.44**

1(ii)	Bank Balance other than cash and cash equivalent		March 31, 2021	March 31, 2020	April 01, 2019
	Balances with banks to the extent held as margin money*		1,149.90	1,138.79	491.57
	Repatriation restrictions - PMGKY		-	7.50	7.50
	Total other bank balances	II	1,149.90	1,146.29	499.07
	Total Cash and bank balances	**(I+II)**	**10,382.60**	**4,418.68**	**6,834.50**

*Represent margin money deposits placed to avail Funds through NCD from banks, financial institutions and as cash collateral in connection with securitisation transactions.

2 Loans

Particulars		March 31, 2021	March 31, 2020	April 01, 2019
(A)	**Loans (at amortised cost)**			
	(i) Gold loans	4,652.00	3,998.79	2,114.05
	(ii) Vehicle loans	30,835.47	45,058.20	43,876.27
	(iii) Term Loans	-	7.26	46.22
	Total (A) -Gross	35,487.47	49,064.26	46,036.54
	Less:Impairment loss allowance	(832.73)	(719.09)	(469.32)
	Total (A) - Net	**34,654.74**	**48,345.17**	**45,567.22**
(B)	**(i) Secured by tangible assets**			
	(ii)Secured by intangible assets	35,487.47	49,064.26	46,036.54
	(iii) Covered by Bank/Government Guarantees	-	-	-
	(iv) Unsecured	-	-	-
	Total (B)-Gross	35,487.47	49,064.26	46,036.54
	Less: Impairment loss allowance	(832.73)	(719.09)	(469.32)
	Total (B)-Net	**34,654.74**	**48,345.17**	**45,567.22**
(C)	**(i) Loans in India**			
	a) Public Sector	-	-	-
	b) Others	35,487.47	49,064.26	46,036.54
	Total (Gross)	35,487.47	49,064.26	46,036.54
	Less: Impairment loss allowance	(832.73)	(719.09)	(469.32)
	Total (Net) - C (i)	34,654.74	48,345.17	45,567.22
	(ii) Loans Outside India	-	-	-
	Less: Impairment loss allowance	-	-	-
	Total (Net) - C (ii)	-	-	-
	Total (Net) - C (i+ii)	**34,654.74**	**48,345.17**	**45,567.22**

Notes forming part of the Financial Statements for the year ended March 31, 2021

(All amounts in INR Lakhs, unless otherwise stated)

2.1 The table below discloses credit quality and the maximum exposure to credit risk based on the company's year and stage classification.The numbers presented are gross of impairment loss allowance:

Particulars	March 31, 2021	March 31, 2020	April 01, 2019
Vehicle loans	**30,835.47**	**45,058.20**	**43,876.27**
Stage I	24,539.07	40,198.17	39,546.07
Stage II	4,849.47	2,407.52	2,998.18
Stage III	1,446.93	2,452.51	1,332.02
Gold loans	**4,652.00**	**3,998.79**	**2,114.05**
Stage I	4,548.10	3,975.39	2,017.48
Stage II	103.90	23.02	73.17
Stage III	-	0.38	23.40
SME loans	**-**	**7.26**	**46.22**
Stage I	-	7.26	46.22
Stage II	-	-	-
Stage III	-	-	-
TOTAL	**35,487.47**	**49,064.26**	**46,036.54**

2.2 Gross movement of loans for the year ended March 31,2021:-

Particulars	Stage I	Stage II	Stage III	Total
Gross carrying amount as at April 1,2020				
Vehicle loans	**40,198.17**	**2,407.52**	**2,452.51**	**45,058.20**
SME loans	**7.26**	**-**	**-**	**7.26**
Gold loans	**3,975.39**	**23.02**	**0.38**	**3,998.79**
New loans originated during the year				
Vehicle loans	6,147.72	53.86	16.02	6,217.60
SME loans	300.00	-	-	300.00
Gold loans	4,309.05	85.48	-	4,394.53
Inter-Stage Movements:				
- Vehicle loans				
Transfers to Stage 1	874.04	(738.56)	(135.48)	-
Transfers to Stage 2	(4,370.06)	4,407.11	(37.05)	-
Transfers to Stage 3	(411.26)	(218.36)	629.61	-
Interest on stage 3 loans			(64.27)	(64.27)
Amounts written off				
Vehicle loans	(298.86)	(116.97)	(457.75)	(873.58)
SME loans	-	-	-	-
Gold loans	-	-	-	-
Assets derecognised or repaid(excluding write offs)				
Vehicle loans	(17,600.67)	(945.14)	(956.67)	(19,502.48)
SME loans	(307.26)	-	-	(307.26)
Gold loans	(3,736.35)	(4.60)	(0.38)	(3,741.33)
Gross carrying amount as at March 31,2021				
Vehicle loans	**24,539.07**	**4,849.47**	**1,446.93**	**30,835.47**
Gold loans	**4,548.10**	**103.90**	**-**	**4,652.00**
SME loans	**-**	**-**	**-**	**-**

Notes forming part of the Financial Statements for the year ended March 31, 2021

(All amounts in INR Lakhs, unless otherwise stated)

2.3 Gross movement of loans for the year ended March 31,2020:-

Particulars	Stage I	Stage II	Stage III	Total
Gross carrying amount as at April 1,2019				
Vehicle loans	**39,546.07**	**2,998.18**	**1,332.02**	**43,876.27**
SME loans	**46.22**	**-**	**-**	**46.22**
Gold loans	**2,017.48**	**73.17**	**23.40**	**2,114.05**
New loans originated during the year				
Vehicle loans	25,803.38	688.62	491.98	26,983.99
SME loans	-	-	-	-
Gold loans	3814.79	19.77	0.32	3834.88
Inter-Stage Movements:				
- Vehicle loans				
Transfers to Stage 1	487.11	(458.71)	(28.40)	-
Transfers to Stage 2	(2,160.03)	2,176.47	(16.44)	-
Transfers to Stage 3	(1,844.07)	(290.06)	2,134.13	-
Interest on stage 3 loans			(218.11)	(218.11)
Amounts written off				
Vehicle loans	(317.58)	(192.95)	(169.49)	(680.01)
SME loans	-	-	-	-
Gold loans	-	-	-	-
Assets derecognised or repaid(excluding write offs)				
Vehicle loans	(21,316.72)	(2,514.03)	(1,073.18)	(24,903.92)
SME loans	(38.96)	-	-	(38.96)
Gold loans	(1,856.88)	(69.92)	(23.34)	(1,950.14)
Gross carrying amount as at March 31,2020				
Vehicle loans	**40,198.17**	**2,407.52**	**2,452.51**	**45,058.20**
Gold loans	**3,975.40**	**23.02**	**0.38**	**3,998.80**
SME loans	**7.26**	**-**	**-**	**7.26**

2.4 ECL movement of term loans during the year ended March 31,2021

Particulars	Stage I	Stage II	Stage III	Total
Gross carrying amount as at April 1,2020	**91.26**	**64.82**	**563.01**	**719.09**
New loans originated during the year	5.02	1.33	3.41	9.77
Inter-stage movements:				
Transfers to Stage 1	3.73	(3.21)	(0.52)	-
Transfers to Stage 2	(114.98)	115.94	(0.97)	-
Transfers to Stage 3	(95.95)	(50.95)	146.90	-
Amounts written off	(4.23)	(11.05)	(265.84)	(281.11)
Assets derecognised,repaid & Additional provision on opening Assets	178.69	11.93	(105.68)	84.94
Covid-19 Provison	-	-	-	300.00
Gross carrying amount as at March 31,2021	**63.55**	**128.82**	**340.32**	**832.69**

Notes forming part of the Financial Statements for the year ended March 31, 2021

(All amounts in INR Lakhs, unless otherwise stated)

2.5 ECL movement of term loans during the year ended March 31,2020

Particulars	Stage I	Stage II	Stage III	Total
Gross carrying amount as at April 1,2019	**81.30**	**80.66**	**307.36**	**469.32**
New loans originated during the year	37.52	17.10	105.52	160.15
Inter-stage movements:				
Transfers to Stage 1	2.54	(2.39)	(0.15)	-
Transfers to Stage 2	(41.20)	41.63	(0.43)	-
Transfers to Stage 3	(316.42)	(67.35)	383.77	-
Amounts written off	(3.21)	(17.72)	(125.21)	(146.14)
Assets derecognised,repaid & Additional provision on opening Assets	330.74	12.88	(107.85)	235.77
Gross carrying amount as at March 31,2020	**91.26**	**64.82**	**563.01**	**719.09**

3 Other financial assets

Particulars	March 31, 2021	March 31, 2020	April 01, 2019
Security deposits	154.83	159.76	165.11
Trade advances	146.77	207.75	278.46
Excess Interest Spread (EIS) Receivables	5.42	5.42	-
Other receivables	77.79	116.08	118.88
Excess Interest Spread (EIS) on DA	62.86	11.32	127.07
Total	**447.67**	**500.32**	**689.52**

4 Current tax assets

Particulars	March 31, 2021	March 31, 2020	April 01, 2019
Advance income tax net of provisions	130.37	162.76	12.67
(net of provisions amounting 315 Lakhs for March 31 2021, 256.72 Lakhs for 31 March 2020 and 240.88 Lakhs for 1 April 2019)			
	130.37	**162.76**	**12.67**

5 Deferred tax

The major components of deferred tax Assets / (liabilities) arising on account of timing differences for the year ended March 31, 2021:

Particulars	Net balance March 31, 2020	Recognised in profit or loss	Net balance March 31, 2021
Deferred tax assets			
Impact of leases under Ind AS 116	20.63	(18.67)	39.30
EIR impact of financial asssets and liabilities-Borrowings	9.96	9.96	-
EIR impact of financial asssets and liabilities-Loans	129.94	84.69	45.25
EIR impact of financial asssets and liabilities-Securitisation PTC	7.23	7.23	-
Provision for Employee Benefits-Gratuity	4.40	(5.18)	9.58
Provision for Doubtful debts	168.28	(24.78)	193.06
(A)	**340.42**	**53.24**	**287.19**
Deferred tax liabilities			**-**
WDV of Fixed Assets	9.50	5.05	4.45
Fair Value of Land	224.91	-	224.91
EIR impact of financial asssets and liabilities-Securitisation DA	3.25	(17.01)	20.26
(B)	**237.66**	**(11.96)**	**249.61**
Deferred tax assets (net) (A-B)	**102.77**	**65.19**	**37.57**

Notes forming part of the Financial Statements for the year ended March 31, 2021

(All amounts in INR Lakhs, unless otherwise stated)

The major components of deferred tax Assets / (liabilities) arising on account of timing differences for the year ended March 31, 2020:

Particulars	Net balance April 1, 2019	Recognised in profit or loss	Net balance March 31, 2020
Deferred tax assets			
Impact of leases under Ind AS 116	-	(20.63)	20.63
EIR impact of financial asssets and liabilities-Borrowings	13.47	3.52	9.96
EIR impact of financial asssets and liabilities-Loans	140.94	11.00	129.94
EIR impact of financial asssets and liabilities-Securitisation PTC	1.82	(5.41)	7.23
Provision for Employee Benefits-Gruity	2.05	(2.34)	4.40
Provision for Doubtful debts	118.26	(50.02)	168.28
(A)	**276.55**	**(63.88)**	**340.42**
Deferred tax liabilities			
WDV of Fixed Assets	12.30	2.79	10
Fair Value of Land	224.91	0.00	225
EIR impact of financial asssets and liabilities-Securitisation DA	31.70	28.45	3
(B)	**268.90**	**31.24**	**237.66**
Deferred tax assets (net) (A-B)	**7.64**	**(95.12)**	**102.77**

Notes forming part of the Financial Statements for the year ended March 31, 2021

(All amounts in INR Lakhs, unless otherwise stated)

6 Property, Plant and Equipment-Tangible assets

Particulars	Freehold Land	Buildings	Plant and Equipment	Computers	Furniture and fixtures	Office equipments	Vehicles	Total	Right to Use assets
Fair value as at April 01, 2019	**938.80**	**107.89**	**34.86**	**232.57**	**340.32**	**88.48**	**107.78**	**1,850.71**	**886.94**
Addition	-	-	3.10	25.91	91.82	23.03	1.84	145.70	98.67
Disposal	0.34	-	-	0.34	39.29	4.89	-	44.85	-
Adjustment	-	-	-	-	(3.05)	-	-	(3.05)	-
As at March 31, 2020	**938.46**	**107.89**	**37.96**	**258.15**	**389.80**	**106.63**	**109.62**	**1,948.51**	**985.62**
Addition	-	-	16.44	2.79	13.34	5.45	-	38.02	28.15
Disposal	-	-	-	-	8.16	4.21	-	12.37	-
Adjustment	-	-	-	-	(0.14)	-		(0.14)	-
As at March 31, 2021	**938.46**	**107.89**	**54.40**	**260.94**	**395.11**	**107.86**	**109.62**	**1,974.29**	**1,013.76**
Accumalated depreciation and impairment									
As at April 01, 2019	**-**	**9.47**	**13.14**	**126.20**	**32.80**	**29.81**	**28.32**	**239.74**	**-**
Charge for the year	-	1.70	2.27	43.93	36.94	18.45	13.02	116.31	178.17
Disposal	-	-	-	0.22	18.26	3.61	-	22.09	-
Adjustment	-	-	-	-	-	-	-	-	-
As at March 31, 2020	**-**	**11.17**	**15.41**	**169.91**	**51.47**	**44.65**	**41.35**	**333.96**	**178.17**
Charge for the year	-	1.70	2.55	53.46	36.62	18.81	12.71	125.85	193.49
Disposal	-	-	-	-	2.16	4.21	-	6.37	-
Adjustment	-	-	-	-	-	-	-	-	-
As at March 31, 2021	**-**	**12.88**	**17.96**	**223.37**	**85.94**	**59.24**	**54.05**	**453.44**	**371.67**
								-	-
Net Carrying amount as at April 01, 2019	**938.80**	**98.43**	**21.72**	**106.37**	**307.52**	**58.67**	**79.46**	**1,610.97**	**886.94**
Net Carrying amount as at March 31, 2020	**938.46**	**96.72**	**22.55**	**88.23**	**338.32**	**61.98**	**68.27**	**1,614.54**	**807.44**
Net Carrying amount as at March 31, 2021	**938.46**	**95.02**	**36.44**	**37.57**	**309.18**	**48.62**	**55.57**	**1,520.85**	**642.09**

Note:

Of the above

1 Land and Buidling for the Mogalrajpuram Site having Closing WDV as on March 31, 2021 amounting to INR 630.02 Lakhs has been provided as a Colleteral security against Cash credit facility from Union Bank of India

2 Fair valuation of Propert, Plant and Equipment.

The NBFC has fair valued all Property Plant and Equipments. The Fair value of the properties was determined using the market-based method. The valuations performed by the valuer are based on active market prices, significantly adjusted for differences in the nature, location or condition of the specific property. As at the date of fair valuation on April 01 2019, the properties' fair values are based on valuations performed by S Siva Prasad, an accredited independent valuer who has valuation experience for similar properties.

As a result of fair valuation, an amount of INR 808.44 Lakhs has been credited to Other Equity (under 'Equity').

Notes forming part of the Financial Statements for the year ended March 31, 2021

(All amounts in INR Lakhs, unless otherwise stated)

7 Other - Intangible assets

Gross Carrying Amount	Computer Software
Deemed cost as at April 01, 2019	**155.73**
Addition	6.08
Disposal	-
Adjustment	-
As at March 31, 2020	**161.81**
Addition	0.26
Disposal	23.00
Adjustment	-
As at March 31, 2021	**139.07**
Accumalated amortisation and impairment	
As at April 01, 2019	**128.77**
Charge for the year	14.16
Disposal	-
Adjustment	-
As at March 31, 2020	**142.94**
Charge for the year	13.69
Disposal	23.00
Adjustment	-
As at March 31, 2021	**133.63**
Net Carrying amount as at April 01, 2019	**26.96**
Net Carrying amount as at March 31, 2020	**18.87**
Net Carrying amount as at March 31, 2021	**5.44**

8 Other non financial assets

Particulars	March 31, 2021	March 31, 2020	April 01, 2019
GST receivable	26.16	39.45	33.32
Prepaid expense	92.01	111.09	95.63
Other receivables-NFC	2.77	4.17	-
Total	**120.94**	**154.71**	**128.96**

9 Debt Securities

Particulars	March 31, 2021	March 31, 2020	April 01, 2019
At Amortised Cost			
Redeemable non-convertible debentures - Secured			
- Privately placed - NCD Secured	11,377.72	5,190.35	3,505.68
- Public issue - NCD Secured	-	-	-
Redeemable non-convertible debentures - Unsecured			
- Privately placed - NCD unsecured	-	2,068.29	3,446.61
- Public issue - NCD Unsecured	-	-	-
Total (A)	**11,377.72**	**7,258.63**	**6,952.29**
Debt securities in India	11,377.72	7,258.63	6,952.29
Debt securities outside India	-	-	-
Total (B)	**11,377.72**	**7,258.63**	**6,952.29**

Notes forming part of the Financial Statements for the year ended March 31, 2021

(All amounts in INR Lakhs, unless otherwise stated)

Nature of security

Debt Securities - (secured)

NCD's from bank, financial institutions and NBFCs are secured by an exclusive charge by way of hypothecation of specific loan receivable created out of the loan proceeds and cash collateral by way of fixed deposits and personal guarantees of the Directors.

Terms of repayment of Debt securities as on March 31,2021

Original maturity loan	Interest rate	Due within 1 Year	Amount	Due within 2 to 5 Years		Total
		No.of Installments		No.of Installments	Amount	
Monthly repayment schedule						
Half Yearly repayment schedule	13.00%-14.00%	2	1,066.67	1	533.33	1,600.00
1-5 Years						
Bullet repayment schedule	12.00% -13.10%			1	9,500.00	9,500.00
1-5 Years						
Total		**2**	**1,066.67**	**2**	**10,033.33**	**11,100.00**
Add: Interest accrued but not due						376.15
Less: Unamortized Finance Cost						98.43
Total Amortized Cost						**11,377.72**

Terms of repayment of Debt securities as on March 31,2020

Original maturity loan	Interest rate	Due within 1 Year		Due within 2 to 5 Years		Total
		No.of Installments	Amount	No.of Installments	Amount	
Monthly repayment schedule	13.00%-13.50%	22	1,563.29	9	515.93	2,079.22
1-5 Years						
Half Yearly repayment schedule	13.00%-14.00%	2	1,600.00	3	1600.00	3,200.00
1-5 Years						
Bullet repayment schedule	12.00% -13.10%			1	2,000.00	2,000.00
1-5 Years						
Total		**24**	**3,163.29**	**13**	**4115.93**	**7,279.22**
Add: Interest accrued but not due						81.46
Less: Unamortized Finance Cost						102.05
Total Amortized Cost						**7,258.63**

Terms of repayment of Debt securities as on April 1,2019 (Opening)

Original maturity loan	Interest rate	Due within 1 Year		Due within 2 to 5 Years		Total
		No.of Installments	Amount	No.of Installments	Amount	
Monthly repayment schedule	12.00%-13.00%	12	705.88	17	1,000.00	1,705.88
1-5 Years	13.01%-14.00%	12	606.40	20	1,208.77	1,815.17
Bullet repayment schedule	12.00% -13.00%			1	2,000.00	2,000.00
1-5 Years	13.01%-14.00%			1	1,500.00	1,500.00
Total		**24**	**1,312.28**	**39**	**5,708.77**	**7,021.05**
Add: Interest accrued but not due						66.74
Less: Unamortized Finance Cost						135.50
Total Amortized Cost						**6,952.29**

Notes forming part of the Financial Statements for the year ended March 31, 2021

(All amounts in INR Lakhs, unless otherwise stated)

10 Borrowing (Other than Debt Securities)

Particulars	March 31, 2021	March 31, 2020	April 01, 2019
At Amortised Cost			
(a) Term loans (Secured)			
(i) from banks - TL	2,710.60	7,344.42	7,497.85
(ii) from financial institutions - TL	11,472.88	16,211.36	22,271.57
(b) Loans repayable on demand (Secured)	-	-	-
(i) from banks - Payable on demand	3,765.47	4,553.84	2,943.65
(ii) from financial institutions	-	-	-
(c) Vehicle loans	**5.81**	**19.59**	**38.34**
Total (A)	**17,954.77**	**28,129.21**	**32,751.41**
Borrowings in India	17,954.77	28,129.21	32,751.41
Borrowings outside India	-	-	-
Total (B)	**17,954.77**	**28,129.21**	**32,751.41**

Nature of security

Term loans (secured)

Term Loans from bank, financial institutions and NBFCs are secured by an exclusive charge by way of hypothecation of specific loan receivable created out of the loan proceeds and and personal guarantees of the Directors

Loans repayable on demand (Secured)

These loans are secured against the first pari passu charge on current assets, book debts and receivables including loans & advances of the Company as per the agreement. Further, the loan has been guaranteed by mortgage of personal properties of directors to the extent of INR 2,357 Lakhs in addition to their personal guarantees to the extent of INR 10,688 Lakhs.

Terms of repayment of borrowings (other than debt) as on March 31, 2021

Original maturity loan	Interest rate	Due within 1 Year		Due within 2 to 5 Years		Total
		No.of Installments	Amount	No.of Installments	Amount	
Monthly repayment schedule						
	6.00%-7.00%	1	200.00			200.00
	8.00%-9.00%	6	5.78			5.78
	10.01%-11.00%	14	537.65			537.65
1-5 Years	12.01%-13.00%	72	2,246.79	14	688.46	2,935.25
	13.01%-14.00%	163	6,112.15	66	2,247.02	8,359.17
	14.01%-15.00%	24	1,293.92	6	368.95	1,662.87
Quarterly repayment schedule	12.00%-13.00%	1	170.02			170.02
1-5 Years	13.01%-14.00%	4	166.67	4	166.67	333.34
Cash Credit (Yearly Renewal)	9.01%-10.00%		3,765.47			3,765.47
Total		**285**	**14,498.45**	**90**	**3,471.10**	**17,969.55**
Add: Interest accrued but not due						67.83
Less: Unamortized Finance Cost						82.61
Total Amortized Cost						**17,954.77**

Notes forming part of the Financial Statements for the year ended March 31, 2021

(All amounts in INR Lakhs, unless otherwise stated)

Terms of repayment of borrowings (other than debt) as on March 31,2020

Original maturity loan	Interest rate	Due within 1 Year		Due within 2 to 5 Years		Total
		No.of Installments	Amount	No.of Installments	Amount	
Monthly repayment schedule						
1-5 Years	8.00%-9.00%	22	13.81	6	5.78	19.59
	10.01%-11.00%	12	369.06	-	-	369.06
	11.01%-12.00%	32	797.45	3	97.68	895.13
	12.01%-13.00%	100	3,845.73	34	1,497.37	5,343.10
	13.01%-14.00%	194	7,698.14	150	5,921.48	13,619.62
	14.01%-15.00%	18	695.10	15	713.97	1,409.07
Quarterly repayment schedule	11.01%-12.00%	4	666.67	1	166.66	833.33
1-5 Years	13.01%-14.00%	12	833.57	7	291.67	1,125.24
Cash Credit (Yearly Renewal)	10.01%-11.00%	-	4,553.84	-	-	4,553.84
Total		**394**	**19,473.37**	**216**	**8,694.61**	**28,167.98**
Add: Interest accrued but not due						109.05
Less: Unamortized Finance Cost						147.82
Total Amortized Cost						**28,129.21**

Terms of repayment of borrowings (other than debt) as on April 1,2019 (Opening)

Original maturity loan	Interest rate	Due within 1 Year		Due within 2 to 5 Years		Total
		No.of Installments	Amount	No.of Installments	Amount	
Monthly repayment schedule						
1-5 Years	8.00%-9.00%	30	18.75	28	19.59	38.34
	10.01%-11.00%	12	332.09	12	369.06	701.15
	11.01%-12.00%	36	790.61	35	895.13	1,685.74
	12.01%-13.00%	144	4,755.11	170	5,637.56	10,392.67
	13.01%-14.00%	129	6,078.96	166	7,957.54	14,036.50
	14.01%-15.00%	16	446.15	-	-	446.15
Quarterly repayment schedule	11.01%-12.00%	8	1,000.00	8	1,083.33	2,083.33
1-5 Years	13.01%-14.00%	4	333.20	2	166.80	500.00
Cash Credit (Yearly Renewal)	12.01%-13.00%	-	2,943.65	-	-	2,943.65
Total		**379**	**16,698.52**	**421**	**16,129.01**	**32,827.53**
Add: Interest accrued but not due						87.21
Less: Unamortized Finance Cost						163.33
Total Amortized Cost						**32,751.41**

11 Subordinated Liabilites

Particulars	March 31, 2021	March 31, 2020	April 01, 2019
Unsecured at Amortised Cost			
Subordinated debt instrument	1000	1000	1000
Total (A)	**1,000**	**1,000**	**1,000**
Subordinated Liabilities in India	1,000	1,000	1,000
Subordinated Liabilities outside India	-	-	-
Total (B)	**1,000**	**1,000**	**1,000**

Notes forming part of the Financial Statements for the year ended March 31, 2021

(All amounts in INR Lakhs, unless otherwise stated)

Terms of repayment of subordinated liabilities

On December 29, 2018, the Company issued 1,00,00,000,Un- Seccured, Non- Convertible Debentures (NCD's) at an issue price of INR 10/- (face value of INR 10 and at the Coupon rate of 15.25% p.a and payable by the Company to the NCD Holder on On monthly.

Terms of repayment of Subordinate Liabilities as on March 31,2021

Original maturity loan	Interest rate	Due within 1 Year		Due within 2 to 5 Years		Total
		No.of Installments	Amount	No.of Installments		Amount
Bullet repayment schedule``						
1-5 Years	15.25%	-	-	1	1,000	1,000
Total		**-**	**-**	**1**	**1,000**	**1,000**
Add: Interest accrued but not due		-	-	-	-	-
Less: Unamortized Finance Cost		-	-	-	-	-
Total Amortized Cost		-	-	-	-	**1,000**

Terms of repayment of Subordinate Liabilities as on March 31,2020

Original maturity loan	Interest rate	Due within 1 Year		Due within 2 to 5 Years		Total
		No.of Installments	Amount	No.of Installments	Amount	
Bullet repayment schedule						
1-5 Years	15.25%	-	-	1	1,000	1,000
Total		**-**	**-**	**1**	**1,000**	**1,000**
Add: Interest accrued but not due						-
Less: Unamortized Finance Cost						-
Total Amortized Cost						**1,000**

Terms of repayment of Subordinate Liabilities as on April 1,2019 (Opening)

Original maturity loan	Interest rate	Due within 1 Year		Due within 2 to 5 Years		Total
		No.of Installments	Amount	No.of Installments	Amount	
Bullet repayment schedule						
1-5 Years	15.25%	-	-	1	1,000	1,000
Total		**-**	**-**	**1**	**1,000**	**1,000**
Add: Interest accrued but not due						-
Less: Unamortized Finance Cost						-
Total Amortized Cost						**1,000**

12 Other Financial Liabilities

Particulars	March 31, 2021	March 31, 2020	April 01, 2019
Employee benefits payable	155.64	27.47	192.57
Lease liabilities	798.24	889.39	886.94
Others payables	181.20	136.77	24.54
Payables on account of Securitisation/assignment transactions	5,962.25	9,283.10	4,912.43
Total	**7,097.33**	**10,336.74**	**6,016.49**

13 Provisions

Particulars	March 31, 2021	March 31, 2020	April 01, 2019
a Provision for gratuity	37.29	16.69	7.39
b Others	-	-	-
Total Provision	**37.29**	**16.69**	**7.39**

Notes forming part of the Financial Statements for the year ended March 31, 2021

(All amounts in INR Lakhs, unless otherwise stated)

14 Other Non - Financial Liabilities

Particulars		March 31, 2021	March 31, 2020	April 01, 2019
a	Revenue received in advance	-	-	-
b	Statutory dues	54.53	77.66	107.21
C	PROVISON FOR INCOME TAX	-	-	-
	TOTAL	**54.53**	**77.66**	**107.21**

15 Equity Share capital

The NBFC has only one class of share capital having a par value of ₹ 10 per share, referred to herein as equity shares.

Particulars	March 31, 2021	March 31, 2020	April 01, 2019
Authorized			
1,60,00,000 (previous year 1,60,00,000) equity shares of INR 10 each	1,600	1,600	1,600
Issued, subscribed and paid up			
1,52,17,163 (previous year 1,52,17,163) equity shares of INR 10 each fully paid	1,521.72	1,521.72	1,521.72
Total	**1,522**	**1,522**	**1,522**

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

Particulars	March 31, 2021		March 31, 2020		April 01, 2019	
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
Outstanding at the beginning of the year	**152.17**	**1,521.72**	**152.17**	**1,521.72**	**152.17**	**1,521.72**
Add: Issued during the year	-	-	-	-	-	-
Outstanding at the end of the year	**152.17**	**1,521.72**	**152.17**	**1,521.72**	**152.17**	**1,521.72**

(b) Rights, preferences and restrictions attached to shares

The NBFC has only one class of equity shares having par value of INR 10 per share. Each shareholder is entitled to one vote per share held. The NBFC declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended 31st March 2021, the amount of per share dividend recognized as distributions to equity shareholders was INR Nil (31st March 2020: INR Nil).

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

(c) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

Name of the shareholder	March 31, 2021		March 31, 2020		April 01, 2019	
	Number of shares	% of holding in the class	Number of shares	% of holding in the class	Number of shares	% of holding in the class
Kanakadurga Financial Services Limited	22.31	14.66%	22.31	14.66%	22.31	14.66%
S.Lakshminarayana	9.93	6.52%	9.93	6.52%	9.93	6.52%
S.Ratna Kumari	6.88	4.52%	6.88	4.52%	6.88	4.52%
S.Jayaprakash Narayana Chowdary	27.58	18.13%	27.58	18.13%	27.58	18.13%
S.Srimannarayana	27.58	18.13%	27.58	18.13%	27.58	18.13%
Banyan Tree Growth Capital II	43.88	28.83%	43.88	28.83%	43.88	28.83%
Kanakadurga Business Services	13.96	9.17%	13.96	9.17%	13.96	9.17%

As per records of the NBFC, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

(d) No class of shares have been issued as bonus shares or for consideration other than cash by the NBFC during the period of five years immediately preceding the current year end.

(e) No class of shares have been bought back by the NBFC during the period of five years immediately preceding the current year end.

Notes forming part of the Financial Statements for the year ended March 31, 2021

(All amounts in INR Lakhs, unless otherwise stated)

16 Other Equity

Particulars		March 31, 2021	March 31, 2020	April 01, 2019
(a)	**General Reserve**			
	Opening balance	1.51	1.51	1.51
	Add: Current year transfer from	-	-	-
	Less: Utilization on account of / Transfer to	-	-	-
	Closing balance	**1.51**	**1.51**	**1.51**
(b)	**Securities Premium Account**			
	Opening balance	3,314.47	3,314.47	3,314.47
	Add : Securities premium credited on share issue	-	-	-
	Less : Premium utilized for various reasons	-	-	-
	Closing balance	**3,314.47**	**3,314.47**	**3,314.47**
(c)	**Statutory Reserve**			
	Opening balance	1,037.59	892.98	892.98
	Add: Transferred during the year	224.81	144.61	-
	Less: Utilization on account of / Transfer to	-	-	-
	Closing balance	**1,262.41**	**1,037.59**	**892.98**
(d)	**Surplus/(deficit) in the Statement of Profit and Loss**			
	Opening balance	3,434.64	3,199.93	3,199.93
	Add: Net Profit/(Net Loss) for the current year	1,124.06	379.32	-
	Less: Transfer to Statutory reserves	(224.81)	(144.61)	-
	Closing balance	**4,333.89**	**3,434.64**	**3,199.93**
	Total Reserves and surplus	**8,912.28**	**7,788.21**	**7,408.89**

Nature and purpose of reserve

a. Capital reserve

This reserve was created to record the excess carrying value of optionally convertible debentures provided through securities premium. The excess value is recorded by reversing the capital reserve with corresponding debit to debentures.

b. Securities premium reserve

The securities premium reserve is used to record the premium received on issue of shares. The reserve cab be utilised only for limited purpose such as issuance of bonus shares in accordance with provision of the Companies Act, 2013.

c. Statutory reserve

Reserves created under Section 45IC of The Reserve Bank of India Act, 1934

d. Share based payment reserve

The share based payment reserve is used to recognise the grant date fair value of options issued to employees of the Company and its subsidiaries under stock option schemes of the Company.

e. Retained earnings

Retained earnings represents surplus / accumulated earnings of the Company and are available for distribution to shareholders.

Notes forming part of the Financial Statements for the year ended March 31, 2021

(All amounts in INR Lakhs, unless otherwise stated)

17 Interest Income

Particulars	March 31, 2021	March 31, 2020
On Financial Assets measured at Amortised Cost		
Interest on Loans	10,468.16	11,557.09
Interest on deposits with Banks	78.39	84.21
Other interest Income	15.49	9.13
Net gain on derecognition of Vehicle loans	14.37	12.32
Total	**10,576.41**	**11,662.75**

18 Fees and commission Income

Particulars	March 31, 2021	March 31, 2020
Other fees and charges	641.47	769.55
Total	**641.47**	**769.55**

19 Other Income

Particulars	March 31, 2021	March 31, 2020
Miscellaneous income	21.03	34.50
Total	**21.03**	**34.50**

20 Finance Cost

Particulars	March 31, 2021	March 31, 2020
On Financial Liabilities measured at Amortised Cost		
Interest on debt securities	1,219.03	972.46
Interest on borrowings	2,886.16	3,920.89
Interest on Securitisation loan	766.78	761.99
Interest on subordinated liabilities	152.22	152.78
Interest on lease liabilities	111.28	117.33
Other Finance cost	37.78	256.81
Bank charges	17.97	13.43
Total	**5,191.23**	**6,195.69**

21 Impairment on Financial Instruments

Particulars	March 31, 2021	March 31, 2020
On Financial instruments measured at Amortised cost		
Loans - Impairment expense	113.64	249.77
Bad debts and Write offs	873.58	680.01
Total	**987.22**	**929.78**

22 Employee Benefit Expenses

Particulars	March 31, 2021	March 31, 2020
Salaries and wages	1,990.95	2,676.75
Contribution to provident and other funds	77.97	96.95
Gratuity expense	18.97	12.67
Staff welfare expenses	13.00	13.84
Total	**2,100.90**	**2,800.22**

Notes forming part of the Financial Statements for the year ended March 31, 2021

(All amounts in INR Lakhs, unless otherwise stated)

23 Depreciation and amortization expense

Particulars	March 31, 2021	March 31, 2020
Depreciation on Property, Plant and Equipment (Refer note 6)	319.34	294.48
Amoritzation and Impairment of intangible assets (Refer note 7)	13.69	14.16
Total Depreciation and amortization expense	**333.03**	**308.65**

24 Other Expenses

Particulars	March 31, 2021	March 31, 2020
Rent and energy costs	165.33	199.92
Repairs and maintenance	69.65	65.13
Office Maintenance	82.82	107.35
Communication Costs	59.68	89.00
Printing and stationery	26.03	38.45
Rates and taxes	89.28	114.82
Advertisement and publicity	20.90	21.88
Business Promotion expenses	42.53	268.60
Director's fees, allowances and expenses	5.25	1.05
Auditor's fees and expenses	11.05	11.14
Legal and Professional charges	183.82	326.92
Travelling expenses	136.28	260.42
Loss on sale of Fixed asset	3.82	11.89
Repossession charges	77.14	93.86
Stamp charges	27.33	16.04
Donations	0.50	0.16
Other expenditure	101.50	47.65
CSR Expenditure	19.36	10.63
Total	**1,122.28**	**1,684.93**

25 Payment to the auditors:

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Auditor's remuneration		
- Audit fees	6.00	6.00
In other capacity	6.00	-
- GST Audit	-	1.50
- Certification services	-	-
Other of pocket expenses	-	0.10
Total	**12.00**	**7.60**

26 Corporate social responsibility:

	Particulars	Year ended March 31, 2021	Year ended March 31, 2020
a)	Gross amount required to be spent by the Company as per the provision of Section 135 of Companies Act 2013.	17.07	14.72
b)	Amount Spent during the year	19.36	10.63
c)	Balance Amount required to be spend/(Excess Spent)	(2.29)	4.09
d)	CSR Expenditure During the year	19.36	10.63

Notes forming part of the Financial Statements for the year ended March 31, 2021

(All amounts in INR Lakhs, unless otherwise stated)

27 Income tax

(a) Income tax expense

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Current tax		
Current tax on profits for the year	315.00	256.72
Adjustment for current tax of the prior periods	-	6.61
Subtotal (A)	**315.00**	**263.34**
Deferred tax		
Decrease/(Increase) in deferred tax assets	53.24	(63.88)
(Decrease)/Increase in deferred tax liabilities	11.96	(31.24)
Subtotal (A)	**65.19**	**(95.12)**
Income tax expense for the year (A+B)	**380.19**	**168.22**

(b) Reconciliation of effective tax rate

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Profit before tax as per Statement of profit and loss (A)	1,504.26	547.54
Applicable income tax rate	25.17%	25.17%
Expected Income Tax Expense (B)	378.62	137.80
Tax effect of:		
Effect of expenses/provisions not deductible in determining taxable profit	1.57	23.80
Adjustment related to tax of prior years	-	6.61
Income tax expense	**380.19**	**168.22**

28 Employee Benefits

a. Defined contribution plan - provident funds

In accordance with Employees' Provident Fund and Miscellaneous Provisions Act, 1952, employees of the Company are entitled to receive benefits under the provident fund, a defined contribution plan, in which, both the employee and the Company contribute monthly at a determined rate. These contributions are made to a recognized provident fund administered by Regional Provident Fund Commissioner. The employees contribute 12% of their basic salary and the Company contributes an equal amount.

The Company recognised INR 77.97 lakhs for year ended March 31, 2021 and INR 96.95 lakhs for PY March 31,2020 towards provident fund and ESI in the Statement of profit and loss.

b. Defined Benefit Plan - Gratuity

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service is eligible for gratuity on cessation of employment and it is computed at 15 days salary (last drawn salary) for each completed year of service subject to limit of INR 20 lakhs as per The Payment of Gratuity Act. 1972.

The following tables summarizes the components of net benefit expense recognized in the statement of profit and loss and the funded status and amounts recognized in the Balance Sheet for the gratuity plan.

Particulars	As at March 31, 2021	As at March 31, 2020	As at April 1, 2019
Present value of obligation (A)	83.66	54.93	36.57
Fair Value of plan assets (B)	46.37	38.25	29.18
Present value of obligation (A- B)	**37.29**	**16.69**	**7.39**

Notes forming part of the Financial Statements for the year ended March 31, 2021

(All amounts in INR Lakhs, unless otherwise stated)

Expected future Cashflows of obligations (Valued on Undiscounted basis)

Particulars	As at March 31, 2021	As at March 31, 2020	As at April 1, 2019
Obligation expected to be settled in the next 12 months	20.63	15.45	12.06
Obligation expected to be settled beyond next 12 months	76.77	49.75	32.80

Movement in net defined benefit (asset) liability

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit (asset) liability and its components:

Particulars	Defined Benefit Obligation		Fair Value of plan assets		Net defined benefit (asset) liability	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Opening balance	**54.93**	**36.57**	**38.25**	**29.18**	**16.69**	**7.39**
Current service cost	18.12	12.19	-	-	18.12	12.19
Past service cost	-	-	-	-	-	-
Interest cost (income)/Investment Loss (Income)	2.80	2.40	(2.48)	(2.09)	-	-
Defined benefit cost included in P&L	**75.86**	**51.16**	**40.72**	**31.27**	**34.81**	**19.58**
Other comprehensive income						
Remeasurement loss (gain) due to:						
Demographic assumptions	-	(0.01)	-	-	0.00	(0.01)
Financial assumption	1.43	2.40	-	-	1.43	2.40
Experience adjustments	8.83	1.39	-	-	8.83	1.39
Total remeasurements in OCI	**10.26**	**3.78**	**-**	**-**	**10.26**	**3.78**
Others						
Transfer in/(out)	-	-	-	-	-	-
Contributions by employer	-	-	8.10	6.98	(8.10)	(6.98)
Benefits paid	(2.46)	-	(2.46)	-	-	-
Closing balance	**83.66**	**54.93**	**46.37**	**38.25**	**36.96**	**16.38**

Actuarial assumptions:

The following were the principal actuarial assumptions at the reporting date:

Particulars	As at March 31, 2021	As at March 31, 2020	As at April 1, 2019
Discount rate	4.55%	5.10%	6.55%
Salary escalation rate	7.00%	7.00%	7.00%
Withdrawal/attrition rate (based on categories)	38.00%	38.00%	38.00%
Mortality rate (as % of IALM (2012-14) Ult. Mortality Table)	100.00%	100.00%	100.00%
Expected weighted average remaining working lives of employees	27.38 Years	27.76 Years	28.3 Years

Notes:

a) The discount rate indicated above reflects the estimated timing and currency of benefit payments. It is based on the yields / rates available on applicable bonds as on the current valuation date.

b) The salary growth rate indicated above is the Company's best estimate of an increase in salary of the employees in future years, determined considering the general trend in inflation, seniority, promotions, past experience and other relevant factors such as demand and supply in employment market, etc.

c) Attrition rate indicated above represents the Company's best estimate of employee turnover in future (other than on account of retirement, death or disablement) determined considering various factors such as nature of business, retention policy, industry factors, past experience, etc.

Notes forming part of the Financial Statements for the year ended March 31, 2021

(All amounts in INR Lakhs, unless otherwise stated)

Sensitivity analysis:

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

Particulars	As at March 31, 2021		As at March 31, 2020		As at April 1, 2019	
	Increase	Decrease	Increase	Decrease	Increase	Decrease
Salary escalation Rate (+/- 1%)	86.29	81.12	56.66	53.27	37.63	35.55
	3.10%	-3.00%	3.10%	-3.00%	2.90%	-2.80%
Discount Rate (+/- 1%)	81.09	86.37	53.26	56.71	35.55	37.64
	-3.10%	3.30%	-3.00%	3.20%	-2.80%	2.90%
Attrition Rate (+/- 1%)	68.54	108.07	45.96	71.35	32.86	43.25
	-18.10%	29.20%	-16.30%	29.90%	-10.10%	18.30%

The Sensitivity is performed on the defined benefit obligation at the respective valuation date by modifying one parameter whilst retaining other parameters constant. There are no changes from the previous year to the methods and assumptions underlying the sensitivity analyses.

Expected future contributions

The Best Estimate Contribution for the Company during the next year would be INR Nil

Expected cash flow for following years:

Expected cash flows over the next (valued on undiscounted basis)	Amount
1 year	20.63
2 to 5 years	59.56
6 to 10 years	15.09
More than 10 years	2.11

THE WEIGHTED AVERAGE DURATION (BASED ON DISCOUNTED CASHFLOWS) OF THE DEFINED BENEFIT OBLIGATION IS 3 YEARS

29 Earnings per share

Particulars	March 31, 2021	March 31, 2020
Profit for the year	**1124.06**	**379.32**
Weighted average number of equity shares used in calculating basic earnings per share	152.17	152.17
Weighted average number of equity shares and potential equity shares used in calculating diluted earnings per share	152.17	152.17
Basic earnings per share	7.39	2.49
Diluted earnings per share	**7.39**	**2.49**

30 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM") of the Company. The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Promoters of the Company. The Company operates only in one Business Segment i.e. lending, since the nature of the loans are exposed to similar risks and return profiles, hence they are collectively operating under a single segment. Accordingly the Company does not have any reportable Segments as per Indian Accounting Standard 108 "Operating Segments".

31 Transfer of financial assets

Transfer of financial assets that are not derecognised in their entirety

(i) Securitisations:

The Company uses securitisations as a source of finance. Such transactions generally result in the transfer of contractual cash flows from portfolios of financial assets to holders of issued debt securities. Securitisation has resulted in the continued recognition of the securitised assets.

Notes forming part of the Financial Statements for the year ended March 31, 2021

(All amounts in INR Lakhs, unless otherwise stated)

The table below outlines the carrying amounts and fair values of all financial assets transferred that are not derecognised in their entirety and associated liabilities.

Particulars	March 31, 2021	March 31, 2020
Carrying amount of transferred assets measured at amortised cost	8,068.12	11,097.15
Carrying amount of associated liabilities	5,962.25	9,283.10

The carrying amount of above assets and liabilities is a reasonable approximation of their fair values.

Transfer of financial assets which qualify for derecognition in their entirety

(i) Assignment transaction

The Company has sold loans and advances measured at amortised cost under assignment deals, as a source of finance in deals prior to the transition date of April 01, 2019. 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 derecognised from the Company's balance sheet.

Under previous GAAP, retained interest receivable on loan assignment transactions were recognised over the period of such assigned loans. Under Ind AS, on transition date, the gain arising on said transactions are recorded upfront by discounting the future cash flows accruing in the form of differential interest on such assigned loan to their present values.

The table below summarises the carrying amount of the Excess Interest Spread (EIS) receivable on above transaction which are derecognised

Particulars	March 31, 2021	March 31, 2020	April 1, 2019
Carrying amount of EIS receivable	62.86	11.32	127.07

32 Maturity analysis of assets and liabilities

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

Particulars	March 31, 2021			March 31, 2020			April 1, 2019		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
ASSETS									
Financial assets									
Cash and cash equivalents	9,232.69	-	9,232.69	3,272.38	-	3,272.38	6,335.44	-	6,335.44
Bank Balance other than cash and cash equivalents	739.67	410.23	1,149.90	933.49	212.80	1,146.29	-	499.07	499.07
Receivables	-	-	-	-	-	-	-	-	-
(I) Trade receivables	**146.77**	**-**	**146.77**	**207.75**	**-**	**207.75**	**278.46**	**-**	**278.46**
Loans	21,850.66	12,804.08	34,654.74	26,632.55	21,712.60	48,345.16	23,232.19	22,335.03	45,567.22
Other Financial assets	68.28	232.62	300.90	16.74	275.84	292.58	127.07	283.99	411.06
Subtotal	32,038.07	13,446.94	45,485.01	31,062.92	22,201.25	53,264.16	29,973.16	23,118.09	53,091.25
Non-financial assets									
Current Tax assets(Net)	130.37	-	130.37	162.76	-	162.76	12.67	-	12.67
Deferred Tax assets(Net)	-	37.57	37.57	-	102.77	102.77	-	7.64	7.64
property,plant and equipment	-	1,520.85	1,520.85	-	1,614.54	1,614.54	-	1,610.97	1,610.97
Right to use Assets	-	642.09	642.09	-	807.44	807.44	-	886.94	886.94
Other intangible assets	-	5.44	5.44	-	18.87	18.87	-	26.96	26.96
Other non-financial assets	28.93	92.01	120.94	43.62	111.09	154.71	33.32	95.63	128.95
Subtotal	**159.30**	**2,297.97**	**2,457.27**	**206.38**	**2,654.72**	**2,861.10**	**46.00**	**2,628.14**	**2,674.14**
Total assets	**32,197.37**	**15,744.91**	**47,942.29**	**31,269.30**	**24,855.96**	**56,125.26**	**30,019.16**	**25,746.23**	**55,765.39**

Notes forming part of the Financial Statements for the year ended March 31, 2021

(All amounts in INR Lakhs, unless otherwise stated)

Particulars	March 31, 2021			March 31, 2020			April 1, 2019		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
LIABILITIES AND EQUITY									
LIABILITIES									
Financial liabilities									
payables									
(I) Trade payables									
(i) total outstanding dues of creditors of micro enterprises and small enterprises	-	-	-	-	-	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-	-	-	-
(II) Other payables									
(i) total outstanding dues of creditors of micro enterprises and small enterprises	- -	- -	- -	- -	- -	- -	- -	- -	- -
(ii) total outstanding dues of creditors other than:									
Debt securities	1,068.95	10,308.78	11,377.73	3,683.40	3,575.23	7,258.63	2,964.05	3,988.24	6,952.29
Borrowings (other than Debt securities)	14,558.54	3,396.23	17,954.77	14,043.69	14,085.51	28,129.21	8,939.00	23,812.41	32,751.41
Subordinated Liabilities	-	1,000.00	1,000.00	-	1,000.00	1,000.00	-	1,000.00	1,000.00
Other Financial liabilities	5,317.71	1,779.62	7,097.33	7,044.87	3,291.87	10,336.74	4,142.47	1,874.01	6,016.49
Sub total	**20,945.20**	**16,484.63**	**37,429.82**	**24,771.96**	**21,952.61**	**46,724.58**	**16,045.53**	**30,674.66**	**46,720.19**
Non-Financial liabilities									
Current tax liabilities(Net)	-	-	-	-	-	-	-	-	-
provisions	37.29	-	37.29	16.69	-	16.69	7.39	-	7.39
Deferred tax liabilities(Net)	-	-	-	-	-	-	-	-	-
Other non-financial liabilities	54.53	-	54.53	77.66	-	77.66	107.21	-	107.21
Sub total	**91.81**	**-**	**91.81**	**94.35**	**-**	**94.35**	**114.59**	**-**	**114.59**
EQUITY		**10,420.65**	**10,420.65**		**9,306.33**	**9,306.33**		**8,930.61**	**8,930.61**
Total liabilities	**21,037.01**	**16,484.63**	**47,942.28**	**24,866.31**	**21,952.61**	**56,125.26**	**16,160.12**	**30,674.66**	**55,765.39**

Notes forming part of the Financial Statements for the year ended March 31, 2021

(All amounts in INR Lakhs, unless otherwise stated)

33 Changes in liabilites arising from financing activities

Particulars	April 1,2020	Additions	Repayments	Others*	March 31,2021
Subordinated Liabilites	1,000.00	-	-	-	1,000.00
Debt Securities	7,258.63	7,438.00	3,695.18	376.27	11,377.72
Borrowing (Other than Debt Securities)	23,575.37	6,343.40	15,812.12	82.65	14,189.30
Cash Credit (Yearly Renewal)	4,553.84	-	788.37	-	3,765.47
Total	**36,387.84**	**13,781.40**	**20,295.67**	**458.92**	**30,332.49**

Particulars	April 1,2019	Additions	Repayments	Others*	March 31,2020
Subordinated Liabilites	1,000.00	-	-	-	1,000.00
Debt Securities	6,952.29	3,167.97	2,947.04	85.41	7,258.63
Borrowing (Other than Debt Securities)	29,807.77	11,612.21	17,974.51	129.90	23,575.37
Cash Credit (Yearly Renewal)	2,943.65	1,610.19	-	-	4,553.84
Total	**40,703.71**	**16,390.37**	**20,921.55**	**215.31**	**36,387.84**

* Interest Accrued but not due

34 Contingent liabilities and commitments

Particulars	March 31, 2021	March 31, 2020
Claims against the Company not acknowledged as debt (Refer footnote 1)	10.78	10.78
	10.78	**10.78**

Footnote 1: During the Previous Financial year 2019-2020, the Company received a demand for Income tax aggregating to INR 17.38 Lakhs for the Assessment year 2017-18. Of which the company had agreed and paid INR 6.6 Lakhs. The Company is in appeal with CIT (A).

In the ordinary course of business, the Company faces claims and assertions by various parties. The Company assesses such claims and assertions and monitors the legal environment on an ongoing basis, with the assistance of external legal counsel, wherever necessary. The Company records a liability for any claims where a potential loss is probable and capable of being estimated and discloses such matters in its financial statements, if material. For potential losses that are considered possible, but not probable, the Company provides disclosure in the financial statements but does not record a liability in its accounts unless the loss becomes probable. The Company believes that the outcome of these proceedings will not have a materially adverse effect on the Company's financial position and results of Operations

THE COMPANY DOESN'T HAVE ANY COMMITMENTS FOR THE PERIOD ENDED MARCH 31, 2021.

35 Leases

Company as a Lessee

The Company's lease asset classes primarily consist of leases for office spaces. The Company assesses whether a contract contains a lease, at 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:(i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) 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) . For these short-term 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 includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

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

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the un-derlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

Notes forming part of the Financial Statements for the year ended March 31, 2021

(All amounts in INR Lakhs, unless otherwise stated)

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 these 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.

Transition to Ind AS 116

The Company adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on April 1, 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the Company's incremental borrowing rate at the date of initial application. Comparatives as at and for the year ended March 31, 2020 and April 1,2019 also Restated.

On transition, the adoption of the new standard resulted in recognition of 'Right of Use' asset of INR 886.94 lakhs and a lease liability of INR 886.94 lakhs. Ind AS 116 will result in an increase in cash outflows from financing activities on account of lease payments. The following is the summary of practical expedients elected on initial application:

1. Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date
2. Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application
3. Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.

The Company has entered into lease contracts for premises at various locations. Leases of premises generally have lease terms from 12 months to 9 Years. The Company's obligations under its leases are secured by the lessor's title to the leased assets. There are several lease contracts that include extension and termination options, which are further discussed below.

The Company also has certain leases of premises which are cancellable in nature and for which the Company applies the 'short-term lease' recognition exemptions.

The value of the lease liability as of April 1, 2019 is primarily on account of discounting the lease liabilities to the present value under Ind AS 116. The weighted average incremental borrowing rate applied to lease liabilities as at April 1, 2019 is 13%

Following are the changes in the carrying value of right of use assets

Particulars	March 31, 2021	March 31, 2020
Opening	807.44	886.94
Additions	28.15	98.67
Deletion	-	-
Depreciation	193.49	178.17
Closing Balance	**642.09**	**807.44**

The following is the movement in lease liabilities :

Particulars	March 31, 2021	March 31, 2020
Balance at the beginning	**889.39**	**886.94**
Additions	28.15	98.67
Finance cost accrued during the period	111.28	117.33
Payment of lease liabilities	230.58	213.55
Balance at the end	**798.24**	**889.39**

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

Particulars	March 31, 2021	March 31, 2020	April 1, 2019
Less than 3 months	**59.48**	**49.44**	**49.78**
Over 3 months & upto 6 months	51.98	57.49	50.28
Over 6 months & upto 1 year	95.05	115.57	101.90
Over 1 year & upto 3 years	365.63	369.82	370.37
Over 3 years	**610.95**	**778.19**	**862.00**

Notes forming part of the Financial Statements for the year ended March 31, 2021

(All amounts in INR Lakhs, unless otherwise stated)

The following are the amounts recognised in statement of profit or loss:

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Depreciation expense of right-of-use assets	**193.49**	**178.17**
Interest expense on lease liabilities	111.28	117.33
Expense relating to short-term leases	115.94	158.20
Total amount recognised in profit or loss	**420.71**	**453.70**

Future Commitments:

Particulars	March 31, 2021
Future undiscounted lease payments for which the leases have not yet commenced	-

Extension / Termination Options:

Some of the leases contain extension and termination options. Such options are taken into account in the determination of the lease term only if extension or non-termination can be assumed with reasonable certainty. On this basis, there were no such amounts included in the measurement of lease liabilities as at March 31, 2021.

36 Capital Management

The primary objectives of the Company's capital management policy are to ensure that the Company complies with externally imposed capital requirements iron its regulators and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value.

The Company manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes have been made to the objectives, policies and processes from the previous years. However, they are under constant review by the Board.

Regulatory Capital

The below regulatory capital is computed in accordance with Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 1, 2016 issued by Reserve Bank of India.

Particulars	March 31, 2021	March 31, 2020	April 1, 2019
Net owned funds(Tier capital)	9,745.04	8,504.20	8,554.59
Tier II capital	551.84	433.48	916.18
Total capital funds	**10,296.88**	**8,937.67**	**9,470.76**
Total risk weighted assets/ exposures	**31,305.89**	**41,988.54**	**43,842.22**
% of capital funds to risk weighted assets exposures:			
Tier I capital	31.13%	20.25%	19.51%
Tier II capital	1.76%	1.03%	2.09%
Total capital Funds	**32.89%**	**21.29%**	**21.60%**

No changes have been made to the objectives, policies and processes from the previous years. However, they are under constant review by the Board.

Notes forming part of the Financial Statements for the year ended March 31, 2021

(All amounts in INR Lakhs, unless otherwise stated)

37 Fair Value Measurement:

A. Valuation Principles

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. In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques:

Level 1 - Valuation technique using quoted market price: financial instruments with quoted prices for identical instruments in active markets that Company can access at the measurement date.

Level 2 - Valuation technique using observable inputs: Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life.

Level 3 - Valuation technique with significant unobservable inputs: Those that include one or more unobservable input that is significant to the measurement as whole.

B Fair value of financial instrument not measured at fair value:

The table below is a comparison, by class, of the carrying amounts and fair values of the Company 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.

Financial instruments measured at amortised cost	Level	Carrying value			Fair value		
		March 31, 2021	March 31, 2020	April 1, 2019	March 31, 2021	March 31, 2020	April 1, 2019
Financial Assets							
Cash and cash equivalents	1	9,232.69	3,272.38	6,335.44	9,232.69	3,272.38	6,335.44
Bank Balance other than cash and cash equivalents	1	1,149.90	1,146.29	499.07	1,149.90	1,146.29	499.07
Trade receivables	3	146.77	207.75	278.46	146.77	207.75	278.46
Loans	3	34,654.74	48,345.17	45,567.22	34,912.70	48,861.45	46,073.83
Rent and utility deposits	3	154.83	159.76	165.11	154.83	159.76	165.11
Other financial assets	3	77.79	116.08	118.88	77.79	116.08	118.88
EIS receivable	3	68.28	16.74	127.07	68.28	16.74	127.07
Total Assets		**45,485.01**	**53,264.17**	**53,091.25**	**45,742.97**	**53,780.45**	**53,597.86**
Financial Liabilities							
Debt securities	3	11,377.72	7,258.63	6,952.29	11,476.15	7,360.68	7,087.79
Borrowings(other than debt securities)	3	14,189.30	23,575.37	29,807.76	14,271.91	23,723.19	29,971.09
Cash credit	3	3,765.47	4,553.84	2,943.65	3,765.47	4,553.84	2,943.65
Subordinated Liabilities	3	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00
Payables on account of Securitisation transactions	3	5,962.25	9,283.10	4,912.43	5,962.25	9,283.10	4,912.43
Other financial liabilities	3	1,135.08	1,053.64	1,104.06	1,135.08	1,053.64	1,104.06
Total Liabilities		**37,429.82**	**46,724.59**	**46,720.19**	**37,610.86**	**46,974.46**	**47,019.02**

Valuation Methodologies of Financial Instruments not measured at fair value

Below are the methodologies and assumptions used to determine fair values for the above financial instruments which are not recorded and measured at fair value in the Company's financial statements. These fair values were calculated for disclosure purposes only. The below methodologies and assumptions relate only to the instruments in the above tables and, as such, may differ from the techniques and assumptions explained in notes.

Short Term Financial Assets and Liabilities

For financial assets and financial liabilities that have a short-term maturity (less than twelve months), the carrying amounts are a reasonable approximation of their fair value. Such instruments include: cash and cash equivalents, bank balance other than cash and cash equivalents, trade receivables, rent and utility deposits and other financial liabilities.

Loans and advances to customers

The fair values of loans are estimated by discounted cash flow models based on contractual cash flows using actual or estimated yields.

Notes forming part of the Financial Statements for the year ended March 31, 2021

(All amounts in INR Lakhs, unless otherwise stated)

Borrowings other than debt securities, Debt securities and Subordinated liabilities

The fair value of issued debt is estimated by a discounted cash flow model incorporating the Company's own credit risk.

EIS receivable

EIS receivable is calculated by discounting the contractual future cash flows. The carrying value closely approximates its fair value.

38 Risk management

Risk is an integral part of the Company's business and sound risk management is critical to the success. As a financial intermediary, the Company is exposed to risks that are particular to its lending and the environment within which it operates and primarily includes credit, liquidity and market risks. The Board of Directors of the Company are responsible for the overall risk management approach and for approving the risk management strategies and principles. The Company has a risk management policy which covers all the risk associated with its assets and liabilities.

39.1 Introduction and Risk Profile

Risk management and mitigation

The Company's risks are measured using a method that reflects both the expected loss likely to arise in normal circumstances and unexpected losses, which are an estimate of the ultimate actual loss. The models make use of probabilities derived from historical experience, adjusted to reflect the economic environment, as necessary.

The Company's policy is to measure and monitor the overall risk-bearing capacity in relation to the aggregate risk exposure across all risk types and activities.

It is the Company's policy to ensure that a robust risk awareness is embedded in its organisational risk culture. Employees are expected to take ownership and be accountable for the risks the Company is exposed to that they decide to take on. The Company's continuous training and development emphasises that employees are made aware of the Company's risk appetite and they are supported in their roles and responsibilities to monitor and keep their exposure to risk

The Company is generally exposed to credit risk, liquidity risk, market risk, prepayment risk and operational risk.

39.2 Credit Risk

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 manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and for geographical concentrations, and by monitoring exposures in relation to such limits. Crédit risk is monitored by the credit department of the Company. It is their responsibility to review and manage credit risk. Credit risk consists of line credit managers who are responsible for their business lines and manage specific portfolios and experts who support both the line credit manager, as well as the business with tools like credit risk systems, policies, models and reporting. The credit quality review process aims to allow the Company to assess the potential loss as a result of the risks to which it is exposed and take corrective actions.

Impairment assessment

The references below show where the Company's impairment assessment and measurement approach is set out in this report. It should be read in conjunction with the summary of significant accounting policies.

Definition of default and cure

The Company considers a financial instrument of Stage 3 (credit-impaired) for Expected Credit Loss (ECL) calculations as defaulted i.e in all cases when the borrower becomes more than 3 months past due on its contractual payments.

The staging criteria used by the Company is as below:

Loans months past due	Stage
Up to 2 months	Stage 1
Between 2 months to 3 months	Stage 2
More than 3 months	Stage 3

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

Exposure at default (EAD)

The exposure at default (EAD) represents the gross carrying amount of the financial instruments subject to the impairment calculation, addressing both the ability to increase its exposure while approaching default and potential early repayments too.

To calculate the EAD for a Stage 1 loan, the Company assesses the possible default events within 12 months for the calculation of the 12 months ECL. For Stage 2 and Stage 3 financial assets, the exposure at default is considered for events over the lifetime of the instruments.

Notes forming part of the Financial Statements for the year ended March 31, 2021

(All amounts in INR Lakhs, unless otherwise stated)

Probability of default (PD)

The Probability of Default is an estimate of the likelihood of default over a given time horizon. To calculate the ECL for a Stage 1 loan, the Company assesses the possible default events within 12 months for the calculation of the 12month ECL. For Stage 2 and Stage 3 financial assets, the exposure at default is considered for events over the lifetime of the instruments. The Company uses historical information wherever available to determine PD

Stage	PD
Stage - I (Nil Arrears)	0.22%
Stage - I (Up to 1 Month)	1.52%
Stage - I (1 to 2 Months)	3.04%
Stage - II	12.14%
Stage - III	100%

Loss given Default (LGD)

LGD is the estimated loss that the Company might bear if the borrower defaults. The Company determines its recovery (net present value) by analyzing the recovery trends, borrower rating, collateral value and expected proceeds from sale of asset. LGD Rate i.e., 23% in the Vehicle finance segment and NIL in Gold finance segment have been computed internally based on the discounted recoveries in defaulted accounts that are closed/ written off/ repossessed and upgraded during the year.

When estimating ECLs on a collective basis, the Company applies the same principles for assessing whether there has been a significant increase in credit risk since initial recognition.

Significant increase in credit risk

The Company continuously monitors all assets subject to ECLs in order to determine whether an instrument or a portfolio of instruments is subject to 12-month ECL or lifetime ECL. The Company assesses whether there has been an event which could cause a significantly increase in the credit risk of the underlying asset or the customers' ability to pay and accordingly change the 12-month ECL to a lifetime ECL. If contractual payments are more than 60 days past due, the credit risk is deemed to have increased significantly since initial recognition.

Concentration of Credit Risk

Company's loan portfolio is predominantly to finance commercial vehicle loans. The Company manages concentration of risk primarily by geographical region. The following tables show the region-wise concentrations of net terms loans.

STATE	March 31,2021	March 31,2020	March 31,2019
Andhra Pradesh	13,980.22	17,565.90	16,070.53
GUJARAT	3,529.53	5,650.77	6,131.94
Karnataka	9,575.62	13,426.01	11,249.57
PONDICHERRY UT	172.18	262.61	213.35
TAMILNADU	4,599.38	6,658.45	7,154.84
TELANGANA	3,630.54	5,500.53	5,216.31
Total	**35,487.47**	**49,064.26**	**46,036.54**

Quantitative Information of Collateral

Net value of total term loans to value of collateral is as follows:

As at March 31,2021	Loan to Value			
	Up to 50%	51% - 75%	Above 75%	Total
Cars & MUV	5,731.53	2,790.49	487.7	9,009.71
Commercial Vehicles	4,269.00	3,109.80	477.02	7,855.81
Construction Equipment	103.17	40.76	26.5	170.43
Three-Wheeler	1,381.08	5,428.07	175.94	6,985.09
Tractor	558.32	139.62	69.26	767.21
Two-wheeler	2,861.41	2,923.78	262.03	6,047.22
Gold Loans	18.19	4,633.81	-	4,652.00
Total	**14,922.70**	**19,066.33**	**1,498.45**	**35,487.47**

Notes forming part of the Financial Statements for the year ended March 31, 2021

(All amounts in INR Lakhs, unless otherwise stated)

As at March 31,2020	Loan to Value			
	Up to 50%	51% - 75%	Above 75%	Total
Cars & MUV	9,643.25	4,394.86	779.63	14,817.74
Commercial Vehicles	6,639.61	4,866.88	660.11	12,166.61
Construction Equipment	148.52	51.62	40.09	240.23
SME	-	-	7.26	7.26
Three-Wheeler	1,856.48	8,114.78	246.51	10,217.77
Tractor	962.5	257.38	108.51	1,328.39
Two-wheeler	3,028.51	3,050.15	208.81	6,287.47
Gold Loans	20.64	3,978.15	-	3,998.79
Total	**22,299.51**	**24,713.83**	**2,050.92**	**49,064.26**

As at April 1,2019	Loan to Value			
	Up to 50%	51% - 75%	Above 75%	Total
Cars & MUV	8,583.85	4,358.24	556.85	13,498.94
Commercial Vehicles	5,625.40	4,336.70	417.83	10,379.92
Construction Equipment	113.12	48.7	14.6	176.42
SME	-	-	46.22	46.22
Three-Wheeler	2,214.19	10,949.49	202.26	13,365.94
Tractor	1,201.20	469.3	149.75	1,820.25
Two-wheeler	2,960.96	1,459.30	214.54	4,634.79
Gold Loans	11.49	2,102.56	-	2,114.05
Total	**20,710.21**	**23,724.29**	**1,602.04**	**46,036.54**

39.3 Liquidity Risk

In assessing the Company's liquidity position,consideration shall be given to: (1) present and anticipated asset quality (2) Present and future earnings capacity (3) historical funding requirements (4) current liquidity position (5) anticipated future funding needs, and (6) sources of funds. The Company maintains a portfolio of marketable assets that are assumed to be easily liquidated and undrawn cash credit limits which can be used in the event of an unforeseen interruption in cash flow. The Company also enters into securitization deals (direct assignment as well as pass through certificated) of their loan portfolio, the funding from which can be accessed to meet liquidity needs. Net liquid assets consist of cash and short-term bank deposits. Borrowings from banks and financial institutions and issue of Non convertible debentures are considered as important sources of funds to finance lending to customers.

Analysis of financial assets and liabilities by remaining contractual maturities:

The table below summarises the maturity profile of the undiscounted cash flows of the Company's financial assets and liabilities as at March 31,2021.

Particulars	Less than 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 years	Total
Financial assets						
Cash and cash equivalents	9,232.69	-	-	-	-	9,232.69
Bank Balance other than included in (a) above	223.10	-	575.56	271.05	185.03	1,254.74
Trade receivables	146.77	-	-	-	-	146.77
Loans	4,500.36	7,500.91	11,487.15	18,620.81	812.49	42,921.72
Other financial assets	68.28	77.79		54.19	100.64	300.90
Total undiscounted financial assets	**14,171.20**	**7,578.70**	**12,062.71**	**18,946.05**	**1,098.16**	**53,856.82**

Notes forming part of the Financial Statements for the year ended March 31, 2021

(All amounts in INR Lakhs, unless otherwise stated)

Particulars	Less than 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 years	Total
Financial liabilities						
Other payables	336.85	-	-	-	-	336.85
Subordinated Liabilities	38.44	38.44	75.62	1,280.31	-	1,432.81
Det securities	315.47	1,001.71	981.50	11,616.65	-	13,915.33
Borrowings (other than debt securities)	3,929.45	3,027.58	4,950.61	3,716.80	-	15,624.44
Cash credit	-	-	3,765.47	-	-	3,765.47
Payables on account of Securitisation/assignment transactions	1,912.69	1,521.55	1,869.77	1,054.81	-	6,358.82
Other financial liabilities	38.35	62.12	48.47	172.19	477.10	798.23
Total undiscounted financial liabilities	**6,571.25**	**5,651.40**	**11,691.45**	**17,840.76**	**477.10**	**42,231.95**
Net undiscounted financial assets/(liabilities)	**7,599.96**	**1,927.30**	**371.25**	**1,105.29**	**621.06**	**11,624.87**

The table below summarises the maturity profile of the undiscounted cash flows of the Company's financial assets and liabilities as at March 31,2020.

Particulars	Less than 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 years	Total
Financial assets						
Cash and cash equivalents	3,272.38	-	-	-	-	3,272.38
Bank Balance other than included in (a) above	-	208.37	138.97	919.44	-	1,266.78
Trade receivables	207.75	-	-	-	-	207.75
Loans	9,687.68	9,091.76	14,691.87	22,145.52	1,826.43	57,443.27
Other financial assets	16.74	116.08	-	55.916	103.844	292.58
Total undiscounted financial assets	**13,184.55**	**9,416.21**	**14,830.84**	**23,120.88**	**1,930.28**	**62,482.76**
Financial liabilities						
Other payables	164.24	-	-	-	-	164.24
Subordinated Liabilities	25.42	38.33	75.52	305.00	1,127.81	1,572.08
Det securities	1,143.62	2,076.20	1,175.38	4,643.21	-	9,038.41
Borrowings (other than debt securities)	4,920.75	4,548.90	7,692.00	9,315.57	-	26,477.21
Cash credit	-	-	4,553.84	-	-	4,553.84
Payables on account of Securitisation/assignment transactions	1,634.97	2,291.44	3,737.74	2,462.59	-	10,126.74
Other financial liabilities	20.65	29.58	62.69	192.63	583.83	889.39
Total undiscounted financial liabilities	**7,909.64**	**8,984.45**	**17,297.18**	**16,919.00**	**1,711.65**	**52,821.92**
Net undiscounted financial assets/(liabilities)	**5,274.91**	**431.76**	**(2,466.33)**	**6,201.88**	**218.63**	**9,660.84**

Notes forming part of the Financial Statements for the year ended March 31, 2021

(All amounts in INR Lakhs, unless otherwise stated)

The table below summarises the maturity profile of the undiscounted cash flows of the Company's financial assets and liabilities as at April 1,2019.

Particulats	Less than 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 years	Total
Financial assets						
Cash and cash equivalents	6,335.43	-	-	-	-	6,335.43
Bank Balance other than included in (a) above	129.49	-	-	404.31	7.50	541.30
Trade receivables	278.46	-	-	-	-	278.46
Loans	8,605.29	8,283.07	13,155.91	23,479.04	6,692.71	60,216.01
Other financial assets	127.07	56.06	62.82	57.79	107.32	411.06
Total undiscounted financial assets	**15,475.74**	**8,339.13**	**13,218.73**	**23,941.14**	**6,807.53**	**67,782.27**
Financial liabilities						
Other payables	217.12	-	-	-	-	217.12
Subordinated Liabilities	39.27	38.02	75.94	304.27	1,330.73	1,788.23
Det securities	493.45	488.73	959.50	4,452.23	2,251.91	8,645.83
Borrowings (other than debt securities)	4,384.96	4,425.36	8,277.37	17,358.31	-	34,446.01
Cash credit	-	-	2,943.65	-	-	2,943.65
Payables on account of Securitisation/assignment transactions	1,265.03	1,176.99	1,822.60	1,044.79	-	5,309.41
Other financial liabilities	-	18.76	37.10	212.33	618.75	886.94
Total undiscounted financial liabilities	**6,399.84**	**6,147.86**	**14,116.16**	**23,371.94**	**4,201.39**	**54,237.19**
Net undiscounted financial assets/(liabilities)	**9,075.90**	**2,191.27**	**(897.43)**	**569.20**	**2,606.14**	**13,545.08**

39.4 Market Risk

Market Risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market factor. Such changes in the value of financial instruments may result from changes in the interest rates, credit, liquidity, and other market changes. The objective of market risk management is to avoid excessive exposure of our earnings and equity to loss and reduce our exposure to the volatility inherent in financial instruments. There are broadly two types of market risks: (1) Interest risk, and (2) Price risk. The Company has not made investments in quoted equity instruments or other quoted investments and hence is not exposed to Equity price risk. Interest rate risk is discussed below:

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is subject to interest rate risk, primarily since it lends to customers at fixed rates and for maturity periods shorter than the funding sources.

The Company has taken borrowings at floating rates gives rise to interest rate risk. Interest rates are highly sensitive to many factors beyond control, including the monetary policies of the Reserve Bank of India, deregulation of the financial sector in India, domestic and international economic and political conditions, inflation and other factors. In order to manage interest rate risk, the Company seek to optimize borrowing profile between short-term and long -term loans. The Company adopts funding strategies to ensure diversified resource-raising options to minimize cost and maximize stability of funds. Assets and liabilities are categorized into various time buckets based on their maturities. The interest Rate Risk is mitigated by availing funds at very competitive rates through diversified borrowings and for different tenors.

The following table demonstrates the sensitivity to a reasonably possible change in the interest rates on the portion of borrowings affected. With all **other variables held constant, the profit before taxes affected through the impact on floating rate borrowings are as follows:**

Impact on profit before taxes	March 31, 2021	March 31, 2020
On Floating Rate Borrowings:		
1% increase in interest rates	(60.77)	(62.06)
1% decrease in interest rates	60.77	62.06

39.5 Prepayment risk

Prepayment risk is the risk that the Company will incur a financial loss because its customers and counterparties repay or request repayment earlier or later than expected, such as fixed rate loans like ours when interest rates fall.

Notes forming part of the Financial Statements for the year ended March 31, 2021

(All amounts in INR Lakhs, unless otherwise stated)

39.6 Operational and business risk

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to operate effectively, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Company cannot expect to eliminate all operational risks, but it endeavours to manage these risks through a control framework and by monitoring and responding to potential risks. Controls include effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes, such as the use of internal audit.

40 Related Party Disclosures

a. Name of related party and nature of relationship:

(A) Subsidiaries - NIL

(B) Key Managerial Personnel

Name	Designation
Mr.S.Lakshmi Narayana	Whole Time Director
Mr.S.Ratna Kumari	Whole time Director
Mr.S.Jayaprakash Narayana	Managing Director
Mr.S.Srimannarayana	Managing Director cum CFO
Mr.Abhishek Poddar	Nominee Director (Non-Executive)
Mr.Amarendra Sahoo	Independent Director
Mr.U.Venkateswarlu	Independent Director till 24.07.2020
Mr.N.Rama Mohan Rao	Independent Director since 04.11.2020
Mrs.A.Lakshmi Sowjanya	Company Secretary till 11.11.2020
Mrs.B.N.Suvarchala	Company Secretary since 12.11.2020

(C) Enterprises owned or significantly influenced by key Managerial personnel or their relatives

1. M/s. Kanakadurga Financial Services Private Limited
2. M/s.Kanakadurga Auto dealers Limited
3. M/s. Kanakadurga Business Services

b. Related Party transactions during the year:

Name of the Related party	Nature of Transaction	March 31, 2020	March 31, 2021	Outstanding as on March 31, 2021
S.Lakshmi Narayna	Rentpaid	37.92	36.34	Nil
	Remuneration paid	50.00	47.50	Nil
S.Ratna Kumari	Rent paid	37.92	36.34	Nil
	Remuneration paid	50.00	47.50	Nil
S.Jayaprakash Narayana Chowdary	Remuneration paid	50.00	47.50	Nil
S.Srimannarayana	Remuneration paid	50.00	47.50	Nil
Abhishek Poddar	Sitting fee	-	-	Nil
Amarendra Sahoo	Sitting Fee	1.05	4.55	Nil
U Venkateswarlu	Sitting fee	-	-	Nil
N.Rama Mohan Rao	Sitting fee	-	0.70	Nil
A.Lakshmi Sowjanya	Salary paid	8.50	6.69	Nil
B.N.Suvarchala	Salary paid	-	4.79	Nil

#As the provision for gratuity is made for the Company as a whole, the amount pertaining to the Key Management Personnel is not specifically identified and hence is not included above.

(i) Transaction values are excluding taxes and duties.

(ii) Name of the related parties and nature of their relationships where control exists have been disclosed irrespective of whether or not there have been transactions with the Company. In other cases, disclosures have been made only when there have been transactions with those parties.

Notes forming part of the Financial Statements for the year ended March 31, 2021

(All amounts in INR Lakhs, unless otherwise stated)

(iii) Related parties as defined under clause 9 of the Ind AS 24 'Related party disclosures' have been identified based on representations made by key managerial personnel and information available with the Company. All above transactions are in the ordinary course of business.

41 First time adoption

These financial statements, for the year ended March 31, 2021, are the first annual financial statements the Company has prepared in accordance with Ind AS. For years up to and including the year ended March 31, 2020, the Company prepared its financial statements in accordance with Accounting Standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and guidelines issued by RBI (Indian GAAP or Previous GAAP).

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for years ending on March 31, 2021, together with the comparative year data as at and for the year ended March 31, 2020, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at April 1, 2019, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at April 1, 2019 and the financial statements as at and for the year ended March 31, 2020.

Exemption Applied

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

Impairment of financial assets

The Company has applied the exemption related to impairment of financial assets given in Ind AS 101. The Company has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial assets were initially recognized and compared that to the credit risk as at April 1, 2019.

Leases

Under Indian GAAP, a lease is classified as a finance lease or an operating lease. Operating lease payments are recognised as an operating expense in the statement of profit or loss on a straight-line basis over the lease term. Under Ind AS, (as explained in Note 35), a lessee applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low- value assets and recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

At the date of transition to Ind AS, the Company has applied the transitional provision and measured lease liabilities at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of transition to Ind AS. Right-of-use assets were measured at the amount equal to the lease liabilities adjusted by the amount of any prepaid or accrued lease payments.

Mandatory Exceptions

Estimates

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies). Classification and measurement of financial assets The Company has classified and measured the financial assets on the basis of facts and circumstances that exist at the date of transition to Ind AS.

Classification and measurement of financial assets

The Company has classified and measured the financial assets on the basis of facts and circumstances that exist at the date of transition to Ind AS.

The reconciliations of equity and total Comprehensive income in accordance with Previous GAAP to ind AS are explained below.

Reconciliation of Equity as at:

Particulars	March 31, 2020	April 1, 2019
Net Worth as reported under Indian GAAP	9,553.06	8,830.01
Effective interest rate on borrowings	(166.26)	280.77
Effective interest rate on Security deposits	(1.54)	(1.36)
impact on adoption of Ind AS 116 (leases)	(81.95)	-
ECL Impact on NPA Provision	(148.28)	(781.18)
Revaluation of Tangible Assets for Transition	-	808.44
Impact on Prepaid expenses	199.83	(359.60)
Effective interest rate on loans	(9.67)	-
Impact on Employee Benefit Provision	(9.30)	(7.39)
EIR Impact on Securitisation - DA	(115.75)	125.94
EIR Impact on Securitisation - PTC	-	23.87
Excess interest spread on assigned loans	-	1.13
Payables on account of Securitisation/assignment transactions	(46.89)	-
Tax effect on above adjustments	32.49	9.97
Effect of transition to Ind AS as at April 01, 2019	100.59	-
Total effect of transition to Ind AS	(246.73)	100.59
Equity as per Ind AS	9,306.33	8,930.61

Notes forming part of the Financial Statements for the year ended March 31, 2021

(All amounts in INR Lakhs, unless otherwise stated)

Reconciliation of total comprehensive income for the year ended March 31, 2020

Particulars	March 31, 2020
Net profit after tax as reported under Ind GAAP	723.04
Effective interest rate on borrowings	8.87
Effective interest rate on Security deposits	(1.54)
Impact on adoption of Ind AS 116 (leases)	(81.95)
ECL Impact on NPA Provision	(148.28)
Effective interest rate on loans	(9.67)
Impact on Employee Benefit Provision	(5.70)
EIR Impact on Securitisation - DA	(115.75)
EIR Impact on Securitisation - PTC	(22.19)
Tax effect on above adjustments	32.49
Total effect of transition to Ind AS	**(343.72)**
Net profit after tax as reported under Ind AS	**379.32**

Reference note for reconciliation of Equity and Profit & loss

1 Impact on adoption of Ind AS 116 (Leases)

Under Indian GAAP, operating lease payments are recognised as expense in the statement of profit or loss. Under Ind AS, a lessee applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets and recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. At the date of transition to Ind AS, the Company applied the transitional provision and measured lease liabilities at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of transition to Ind AS. Right-of-use assets were measured at the amount equal to the lease liabilities adjusted by the amount of any prepaid or accrued lease payments and lease equalisation.

2 Effective Interest Rate (EIR)

Under Previous GAAP, origination fees and transaction costs charged to customers was recognised upfront. Under Ind AS, such fees and costs is amortised over the expected life of the loan assets and recognised as interest income using effective interest method. Under Previous GAAP, the transaction costs related to borrowings were amortised in the Statement of profit and loss on a straight line-basis. Under Ind AS, such costs are amortised over the contractual term of the borrowing and recognised as interest expense using effective interest method in the Statement of profit and loss.

3 Direct assignment of loans

Under Previous GAAP, all the loans transferred through Direct Assignment (DA) have been de-recognised from the books as it meets the "'true sale criteria" as per RBI guidelines.

As per Ind AS provisions, the direct assignment transactions entered by the Company, meets the derecognition criteria as the Company has substantially transferred risk and rewards.

Under previous GAAP, excess interest spread (EIS) income on the loan portfolio assigned (net of minimum retention ratio) was recognised as and when it was accrued i.e. over the life of the loan given. Under Ind AS such interest income is recognised upfront i.e. at the time of assignment transaction.

4 Securitisation of loans

Under Previous GAAP, all the loans transferred through securitisation arrangement have been de-recognised from the books as it meets the "'true sale criteria" as per RBI guidelines. As per Ind AS provision, the securitisation transactions entered by the Company does not meets the derecognition criteria as the Company has substantially not transferred risk and rewards.

5 Expected credit loss on Trade receivables /Loans and advances:

Under Indian GAAP, Non performing Assets ("NPA") provisioning was computed based on the RBI guidelines. Under Ind AS, the impairment is computed based on Expected credit loss model.

6 Interest income on Stage 3 Assets (credit impaired)

Under Indian GAAP, interest income on NPA was recognised on cash basis. The same treatment is continued Under Ind AS where interest income on credit impaired assets is recognised on cash basis.

Notes forming part of the Financial Statements for the year ended March 31, 2021

(All amounts in INR Lakhs, unless otherwise stated)

7 Remeasurements of post-employment benefit obligations

Under Ind AS, remeasurements i.e. actuarial gains and losses, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of Statement of Profit and Loss. Under the previous GAAP, these remeasurements were forming part of the Statement of Profit and Loss for the year. There is no impact on the total equity.

8 Deferred Tax

Indian GAAP requires deferred tax accounting using the statement of profit and loss approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP. In addition, the various transitional adjustments have led to deferred tax implications that the Company has accounted for. Deferred tax adjustments are recognised in correlation to the underlying transaction in either retained earnings or other comprehensive income, on the date of transition.

42 Disclosure pursant to Reserve Bank of India notification DOR(NBFC).CC.PD.No.109/22.10.106/2019-20 dated 13th March 2020-Implementation of Indian Accounting.

A comparison between provision required under IRACP and impairment allowances under Ind AS 109:

As at March 31,2021

Asset Classification as per RBI Norms	Asset Classification as per Ind AS 109	Gross carrying Amount as per Ind AS	Loss Allowances as required under Ind AS 109	Net Carrying Amount	Provision required as per IRACP norms*	Difference between Ind AS 109 provisions and IRACP norms
1	**2**	**3**	**4**	**5=(3-4)**	**6**	**7=(4-6)**
Performing Assets						
Standard	Stage 1	29087.17	63.60	29023.57	95.63	(32.03)
	Stage 2	4953.37	128.82	4824.55	17.14	111.68
Subtotal for performing Assets		**34040.54**	**192.42**	**33848.12**	**112.77**	**79.65**
Non-Performing Assets(NPA)						
Substandard	Stage 3	1227.44	289.68	937.76	118.45	171.23
Dobbtful-upto 1 year	Stage 3	219.49	50.63	168.86	43.30	7.33
Dobbtful- 1 to 3 years	Stage 3			-		-
Dobbtful- more than 3 years	Stage 3			-		-
Loss	Stage 3			-		-
Subtotal for NPA		**1446.93**	**340.31**	**1106.62**	**161.76**	**178.55**
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 for other items		-	-	-	-	-
TOTAL	Stage 1	29087.17	63.60	29023.57	95.63	(32.03)
	Stage 2	4953.37	128.82	4824.55	17.14	111.68
	Stage 3	1446.93	340.31	1106.62	161.76	178.55
	Covid-19 Provision	-	300.00	(300.00)	300.00	-
	Total	**35487.46**	**832.73**	**34654.74**	**574.53**	**258.20**

* Provision required as per IRACP norms is excluding provision on interest income from Stage 3 loans.

Notes forming part of the Financial Statements for the year ended March 31, 2021

(All amounts in INR Lakhs, unless otherwise stated)

43 RBI Disclosures

The following additional information is disclosed in the terms of Master Direction - Non-Banking Financial Company - Systematically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 issued vide Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 01, 2016 as amended.

43.01 Capital to Risk Asset Ratio (CRAR)

Particulars	March 31,2021	March 31,2020
CRAR (%)	32.89%	21.29%
CRAR - Tier I Capital (%)	31.13%	20.25%
CRAR - Tier II Capital (%)	1.76%	1.03%
Amount of subordinated debt raised as Tier - II Capital	600	800
Amount raised by issue of perpetual debt Instruments	-	-

43.02 Investments

The company doesnot have any Investments

43.03 Derivatives

The Company doest not enter into derivative transactions.

43.04 Securitisation

Particulars	March 31,2021	March 31,2020
(i) No.of SPVs sponsored by the NBFC for securitisation transactions	11	12
(ii) Total amount of securitised assets as per books of the SPVs sponsored	19,580.04	22,243.85
(iii) Total amount of exposure retained by the NBFC towards the MRR as on balance sheet date		
(a) Off-balance sheet exposure towards credit enhancements	-	-
(b) On balance sheet exposures towards credit enhancements	3,078.34	2,541.95
(iv) Amount of exposures to securitisation transactions other than MRR		
(a) Off-balance sheet exposure towards credit enhancements		
(i) Exposure to own securitisation	-	-
(ii) Exposure to third party securitisation	-	-
(b) On balance sheet exposures towards credit enhancements		
(i) Exposure to own securitisation	1,081.17	1,138.79
(ii) Exposure to third party securitisation	-	-

43.05 Details of financial assets sold to securitisation / reconstruction company.

The Company has sold financial assets to Securitisation / Reconstruction companies in the current and previous year as below:

Notes forming part of the Financial Statements for the year ended March 31, 2021

(All amounts in INR Lakhs, unless otherwise stated)

SPV Name	Trustee Name	Securitized Amount	
		March 31, 2021	March 31, 2020
Northern Arc 2019 2W Legasov	Catalyst Trusteeship Limited	-	1,006.93
Northern Arc 2019 CV Boromir	Catalyst Trusteeship Limited	-	2,631.55
Northern Arc 2019 CV Keith	Catalyst Trusteeship Limited	-	2,751.25
Northern Arc 2019 CV Sauron	Catalyst Trusteeship Limited	-	1,958.52
Northern Arc 2020 2W Azmi	Catalyst Trusteeship Limited	-	1,712.25
Northern Arc 2020 VF Sussman	Catalyst Trusteeship Limited	-	2,321.88
Cred Avenue Everly 03 2021	Catalyst Trusteeship Limited	1,576.44	-
Northern ARC 20212W Carlsen	Catalyst Trusteeship Limited	1,435.31	-
Northern ARC 2021 CV Nakamura	Catalyst Trusteeship Limited	945.60	-

43.06 Details of Assignment Transactions undertaken by NBFCs

The Company has done assignment transaction during the year and previous year as below:

Direct Assignment Name	Assignee Name	Amount	Assignee Share	Assignor Share
Cred Avenue Hunt 03 2021	Muthoot capital services limited	983.57	885.21	98.36

43.07 Details of credit impaired assets purchased / sold

The Company has not purchased / sold non-performing financial assets in the current and previous year.

43.08 Exposure to Real estate sector

The Company has no exposure to the real estate sector directly or indirectly in the current and previous year.

43.09 Exposure to Capital Market

The Company has no exposure to the capital market directly or indirectly in the current and previous year.

43.10 Financing of Parent Company Product

This disclosure is not applicable as the Company does not have any holding / parent company.

43.11 Single Borrower Limit / Group Borrower Limit

The Company has not lent / invested / lent and invested in any borrower / group of borrower in excess of limits prescribed by the RBI.

43.12 Unsecured Advances

As confirmed by the Management the Company has no unsecured advances given against rights, licenses, authorizations etc. during the year and for previous year.

43.13 Registration from Other Financial Sector Regulators

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

i. R.B.I. - B-9.00204
ii. Ministry of Corporate Affairs - U65921AP1994PLC018605
iii. Ministry of Finance (Financial Intelligence Unit) - KFLB0900204
iv. Legal Entity Identifier India Limited (LEIL) - 335800PG3Z5TYSLT5D41
v. Central KYC Registry - IN7208

Company has obtained registration under Goods and Service Tax Act, 2017 for various States as below

State	GSTIN
Telangana	36AAACK9347F2ZE
Andhra Pradesh	37AAACK9347F1ZD
Gujarath	24AAACK9347F1ZK
Karnataka	29AAACK9347F2Z9
Tamilnadu	33AAACK9347F2ZK
Pondicherry	34AAACK9347F1ZJ

Notes forming part of the Financial Statements for the year ended March 31, 2021

(All amounts in INR Lakhs, unless otherwise stated)

43.14 Penalty

No penalties were imposed by RBI and other regulators during current and previous year

43.15 Credit Rating

Particulars	March 31,2021		March 31,2020	
Rating Agency Name	CARE			
	Rating	Outlook	Rating	Outlook
Long- Term Bank Facilities	BBB	Stable	BBB	Stable
Non- Convertible Debentures	BBB	Stable	BBB	Stable

43.16 Provisions

Particulars	March 31,2021	March 31,2020
1. Provisions towards loans	113.64	249.77
2. Provisions towards income tax	315.00	256.72

43.17 Draw down from Reserves:

There has been no draw down from reserves during the year ended March 31, 2021 (previous year: Nil)

43.18 Concentration of Loans

Particulars	March 31,2021	March 31,2020
Total Loans of twenty largest borrowers	153.46	165.87
Percentage of Loans to twenty largest borrowers to total advances of the NBFC	0.43%	0.34%

43.19 Concentration of All Exposure(including off-balance sheet exposures)

Particulars	March 31,2021	March 31,2020
Total Exposure to twenty largest borrowers / customers	148.95	165.75
Percentage of exposure to twenty largest borrowers / customers to total exposure of the NBFC on borrowers / customers.	0.41%	0.34%

43.20 Concentration of credit impaired loans

Particulars	March 31,2021	March 31,2020
Total Exposure to top ten credit impaired accounts	88.04	86.83

43.21 Sector wise credit-Impaired Assets under Ind AS

Particulars	March 31,2021	March 31,2020
Auto Loans	4.69%	5.44%
Gold Loans	-	-
Entity as a whole	4.08%	5.00%

Notes forming part of the Financial Statements for the year ended March 31, 2021

(All amounts in INR Lakhs, unless otherwise stated)

43.22 Movement of Credit-Impaired Loans under Ind AS

Particulars	March 31,2021	March 31,2020
(I) Net impaired loss allowance to Net loans(%)	2.31%	3.89%
(II) Movement of Credit impaired loans under Ind-AS(Gross)		
(a) Opening Balance	2,452.51	1,336.34
(b) (Deletion)/Addition during the year	(1005.58)	1,116.17
(c) Closing balance	1,446.93	2,452.51
(III) Movement of Net Impaired loss		
(a) Opening Balance	1,888.29	1,028.98
(b) (Deletion)/Addition during the year	(1081.68)	859.31
(c) Closing balance	806.61	1,888.29
(III) Movement of impairment loss allowance on credit impaired loans		
(a) Opening Balance	564.22	307.36
(b) (Deletion)/Addition during the year	76.10	256.86
(c) Closing balance	640.32	564.22

43.23 Overseas Assets

The Company does not have any joint venture or subsidiary abroad; hence this disclosure is not applicable

43.24 Off Balance Sheet SPVs sponsored (which are required to be consolidated as per accounting norms)

The Company has not sponsored any off-Balance Sheet SPV

43.25 Customer Complaints

Particulars	March 31,2021	March 31,2020
(a) No. of complaints pending at the beginning of the year	-	-
(b) No. of complaints received during the year	3	2
(c) No. of complaints redressed during the year	3	2
(d) No. of complaints pending at the end of the year	-	-

43.26 As required by the RBI circular no DNBS.PD.CC. No. 256 /03.10.042 / 2011-12 dated March 2, 2012 the details of frauds noticed / reported are as below:

Particulars	March 31,2021	March 31,2020
Amount Involved	-	-
Amount Recovered	-	-
Amount Written off/provided	-	-
Balance	**-**	**-**

43.27 Dues to micro, small and medium enterprises

There are no amounts that need to be disclosed in accordance with the Micro Small and Medium Enterprise Development Act, 2006 (the 'MSMED') pertaining to micro or small enterprises.

For the year ended March 31, 2021, no vendor / supplier has intimated the Company about its status as micro or small enterprises or its registration with the appropriate authority under MSMED

Notes forming part of the Financial Statements for the year ended March 31, 2021

(All amounts in INR Lakhs, unless otherwise stated)

43.28 Asset liability management

Maturity pattern of asset and liabilities- As at March 31,2021

Pattern	1 day to 30-31 days (One month)	Over 1 month to 2 months	Over 2 months upto 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 3 years	Over 3 to 5 years	Over 5 years	Total
Liabilities									
Capital and Reserves	-	-	-	-	-	-	-	10,420.65	10,420.65
Bank Borrowings	-	-	-	-	3,765.47	-	-	-	3,765.47
Term loans from banks	487.33	255.67	392.86	673.33	867.39	39.84	-	-	2,716.42
Term loans from financial institutions	809.32	861.20	731.06	1,999.02	3,658.12	3,006.27	407.89	-	11,472.88
NCD	-	-	3.27	734.71	330.96	3,729.75	7,579.02	-	12,377.72
Payables on account of Securitisation transactions	747.70	534.63	490.40	1,417.61	1,766.50	1,005.41	-	-	5,962.25
Current Liabilities & Provisions	403.19	11.22	10.88	64.74	48.47	211.30	477.10	-	1,226.90
Total Liabilities	**2,447.54**	**1,662.71**	**1,628.47**	**4,889.42**	**10,436.92**	**7,992.57**	**8,464.01**	**10,420.65**	**47,942.29**
Assets									
Loans & Advances	1,089.64	2,066.83	2,047.88	4,984.60	9,661.71	7,651.84	7,152.24	-	34,654.74
Other receivables	28.93	-	77.79	-	236.22	-	238.79	-	581.73
Fixed Assets & ROUA	27.18	27.18	27.18	93.62	160.06	670.45	1,162.72	-	2,168.39
Cash & bank balances	9,232.69	-	-	-	-	-	-	-	9,232.69
Balances with banks to the extent held as margin money	5.32	92.29	113.65	-	528.40	248.39	161.85	-	1,149.90
Other assets	-	-	-	-	-	54.19	100.64	-	154.83
Total Assets	**10,383.76**	**2,186.30**	**2,266.51**	**5,078.22**	**10,586.39**	**8,624.87**	**8,816.24**	**-**	**47,942.29**
Mismatch	7,936.22	523.58	638.04	188.80	149.48	632.30	352.23	(10420.65)	-
Cumulative Mismatch	7,936.22	8,459.80	9,097.84	9,286.64	9,436.12	10,068.42	10,420.65	-	-

Notes forming part of the Financial Statements for the year ended March 31, 2021

(All amounts in INR Lakhs, unless otherwise stated)

Maturity pattern of asset and liabilities- As at March 31,2020

Pattern	1 day to 30-31 days (One month)	Over 1 month to 2 months	Over 2 months upto 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 3 years	Over 3 to 5 years	Over 5 years	Total
Liabilities									
Capital and Reserves	-	-	-	-	-	-	-	9,306.33	9,306.33
Bank Borrowings	-	-	-		4,553.84	-	-	-	4,553.84
Term loans from banks	246.10	262.97	441.83	1,856.67	3,600.44	953.03	-	-	7,361.04
Term loans from financial institutions	218.81	255.59	546.94	3,315.92	5,054.55	6,477.34	345.20	-	16,214.33
NCD	134.64	137.06	629.10	798.51	1,982.13	3,579.40	997.79	-	8,258.63
Payables on account of Securitisation transactions	701.93	221.34	449.73	2,073.05	3,478.44	2,358.62	-	-	9,283.10
Current Liabilities & Provisions	241.64	11.18	9.73	46.27	62.69	192.63	583.85	-	1,147.99
Total Liabilities	**1,543.12**	**888.14**	**2,077.32**	**8,090.41**	**18,732.09**	**13,561.01**	**1,926.84**	**9,306.33**	**56,125.26**
Assets									
Loans & Advances	1,422.77	2,398.59	2,373.41	7,955.59	18,432.86	13,286.90	2,475.03	-	48,345.17
Other receivables	43.62	-	116.08	-	282.27	111.09	207.75	-	760.81
Fixed Assets & ROUA	30.60	30.60	30.60	105.39	180.17	754.69	1,308.82	-	2,440.86
Cash & bank balances	3,272.38	-	-	-	-	-	-	-	3,272.38
Balances with banks to the extent held as margin money	-	-	-	191.73	131.42	814.24	8.90	-	1,146.29
Other assets	-	-	-	-	-	55.91	103.84	-	159.76
Total Assets	**4,769.37**	**2,429.19**	**2,520.09**	**8,252.71**	**19,026.72**	**15,022.84**	**4,104.34**	**-**	**56,125.26**
Mismatch	3,226.25	1,541.04	442.77	162.30	294.63	1,461.83	2,177.51	(9306.33)	-
Cumulative Mismatch	3,226.25	4,767.29	5,210.06	5,372.36	5,666.99	7,128.82	9,306.32	-	-

Notes forming part of the Financial Statements for the year ended March 31, 2021

(All amounts in INR Lakhs, unless otherwise stated)

43.29 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 as on March 31,2021.

i) Funding Concentration based on significant counterparty (both deposits and borrowings)

No.of Signigicant Counterparties	Amount	% of total 'Deposits	% of Total Liabilities*
28	30,332.49	NA	80.84%

ii) Top 20 large deposits – Not Applicable

iii) Top 10 Borrowings

Amount #	% of Total Liabilities
19829.51	52.85%

iv) Funding Concentration based on significant instrument/product

Name of the instrument	Amount #	% of Total Liabilities*
Term Loan	14,189.30	37.82%
Non convertible Debentures	12,377.72	32.99%
Working capital/Short term facilities	3,765.47	10.04%
Total	**30,332.49**	**80.84%**

v) Stock Ratios

Particulars	March 31, 2021
NCDs (Original Maturity < 1 year) to Total Liabilities	0%
NCDs (Original Maturity < 1 year) to Total Assets	0%
Other Short Term Liabilities to Total Liabilities	10.04%
Other Short Term Liabilities to Total Assets	7.85%

vi) Institutional set-up for liquidity risk management:

The Company 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 Risk Management Committee (RMC), a sub-committee of the Board of Directors of the Company, oversees the liquidity risk management. The RMC subsequently updates the Board of Directors on the same. # Amount does not include accrued but not paid interest on borrowing and amortisation of processing fees. * Total Liabilities does not include Net Worth.

44 Impact due to COVID-19

The SARS-CoV-2 virus responsible for COVID-19 continues to spread across the globe and India, which has contributed to a significant decline and volatility in global and Indian financial markets and a significant decrease in global and local economic activities. On March 11, 2020, the COVID-19 outbreak was declared a global pandemic by the World Health Organization. Numerous governments and companies, including the Bank, have introduced a variety of measures to contain the spread of the virus. On March 24, 2020, the Indian government announced a strict 21-day lockdown which was further extended by 19 days across the country to contain the spread of the virus. Management has made an assessment of the impact of COVID-19 on the Company's operations, financial performance, and position as at and for the year ended March 31,2021 and accordingly made a provision of INR 300 Lakhs towards loans & advances.The further extent to which the COVID-19 pandemic will impact the Company's performance will depend on future developments including, among other things, any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact whether government-mandated or elected by the NBFC.

In accordance with the RBI guidelines relating to COVID-19 Regulatory Package dated March 27, 2020 and April 17, 2020, the Company has granted a moratorium on the payment of all installments and / or interest, as applicable,to all eligible borrowers .For all such accounts where the moratorium is granted, the asset classification shall remain stand still during the moratorium period (i.e. the number of days past-due shall exclude the moratorium period for the purposes of asset classification under the Income Recognition, Asset Classification and Provisioning norms).

45 Standards issued but not yet effective

There are neither new standards nor amendments to existing standards which are effective for the annual period beginning from April 1, 2021.

46 Pursuant to The Taxation Laws (Amendment) Ordinance 2019, promulgated on 20 September 2019, the Company

intends to exercise the option permitted under Section 115BAA of the Income Tax Act, 1961 to compute income tax at the revised rate (i.e. 25.17%) from the previous financial year

Notes forming part of the Financial Statements for the year ended March 31, 2021

(All amounts in INR Lakhs, unless otherwise stated)

47 Event after reporting date

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

48 PREVIOUS YEAR'S INFORMATION HAVE BEEN REGROUPED/RECLASSIFIED WHEREVER NECESSARY TO CORRESPOND WITH CURRENT PERIOD'S CLASSIFICATION/DISCLOSURE.

As per our report of even date
For **MSKA & Associates**
Chartered Accountants
Firm Registration No.:105047W

For and on behalf of the Board of Directors of
KANAKADURGA FINANCE LIMITED
CIN: U65921AP1994PLC018605

Ananthakrishnan G
Partner
Membership No:205226
Place: Hyderabad
Date: 29.07.2021

S.J.P Narayana
Managing Director
DIN: 00538246

`S.Srimannarayana
Managing Director Cum CFO
DIN: 00538273

S.Lakshmi Narayana
Whole Time Director
DIN: 00538185

B.N.Suvarcharla
Company Secretary
Membership no:32684

PLACE: VIJAYAWADA
DATE: 29-07-2021