CITICORP FINANCE (INDIA) LIMITED

TWENTY FOURTH ANNUAL REPORT

FINANCIAL YEAR – 2020-21

Created Date : 24-09-2021

BOARD OF DIRECTORS

Ms. Nina Nagpal	**Managing Director**
Mr. Rohit Ranjan	**Director**
Ms. Priti Goel	**Director**
Mr. Neeraj Kumar	**Director**
Mr. Saurabh Surendra Shah	**Independent Director**
Mr. Deepak Keshav Ghaisas	**Independent Director**

CHIEF FINANCIAL OFFICER-

- Mr. Ankit Goyal

COMPANY SECRETARY-

- Mr. Sameer Upadhyay

REGISTERED OFFICE-

- 8th Floor, First International Financial Centre,
  C-54 & 55, G-Block,
  Bandra Kurla Complex, Bandra (East)
  Mumbai 400 098

AUDITORS-

- **M/S. MSKA & ASSOCIATES**

SECRETARIAL AUDITOR-

- **ZAINAB H. POONAWALA & ASSOCIATES**

DEBENTURE TRUSTEE-

- **IDBI TRUSTEESHIP SERVICES LIMITED**

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ANNUAL GENERAL MEETING OF
CITICORP FINANCE (INDIA) LIMITED

Notice is hereby given that the 24th Annual General Meeting of the Citicorp Finance (India) Limited will be held on Thursday, 23rd day of September 2021 at 3.00 pm in person/through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") at the Registered Office of the Company situated at 8TH FLOOR, FIRST INTERNATIONAL FINANCIAL CENTRE, PLOT NOS. C-54 & C-55, G-BLOCK, BANDRA-KURLA COMPLEX, BANDRA (EAST), MUMBAI - 400 098, MAHARASHTRA to transact the following business:

Ordinary Business:

1. **To consider and adopt the Financial Statement for the year ended March 31, 2021 consisting of:**
    - Audited Balance Sheet (Standalone and Consolidated);
    - Audited Statement of Profit and Loss Account (Standalone and Consolidated);
    - Audited Cash Flow Statement (Standalone and Consolidated);
    - Audited Notes to Financial Statement (Standalone and Consolidated) and
    - Board of Directors' Report (Standalone)

2. **To appoint Director in place of Mr. Neeraj Kumar (DIN: 08389469) who retires by rotation and being eligible, offers himself for re-appointment:**
   To consider and if thought fit to pass with or without modification(s) the following resolution as an ordinary resolution:

   "RESOLVED THAT pursuant to provision of Section 152 of the Companies Act, 2013 Mr. Neeraj Kumar (DIN: 08389469) Director, who retires by rotation and, being eligible, offers himself for re-appointment, be and is hereby re-appointed as director of the Company."

3. **To appoint Statutory Auditors and to authorize the Board to fix their remuneration:**
   To consider and if thought fit to pass with or without modification(s) the following resolution as an ordinary resolution:

   At the Annual General Meeting held on September 27, 2017, M/s. MSKA & Associates, Chartered Accountants, holding firm registration no. 105047W was appointed as statutory auditors of the company for the period of five years.

   Due to mandatory rotation of statutory auditors in accordance recent RBI Guidelines '**Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs)'** dated April 27, 2021, MSKA & Associates would need to rotate out and a new audit firm would be required to be appointed for three years beginning 2021-22. Basis review of audit firms, M/s. Haribhakti & Co LLP has been recommended by the Board for appointment of Statutory Auditor of the Company.

   Appointment of M/s Haribhakti & Co LLP, Chartered Accountants (firm registration number 103523W / W100048) as the statutory auditors of the Company will be for the term of 3 consecutive years and they will hold office from the conclusion of 24th AGM until the conclusion of the 27th AGM of the Company. M/s Haribhakti & Co LLP have consented to the appointment and have issued a certificate to the effect that the appointment, if made, shall be in accordance with the conditions as prescribed in Section 139 of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014. The audit firm has confirmed that they meet the criteria for independence, eligibility and qualification as prescribed in Section 141 of the Companies Act, 2013.

"RESOLVED THAT pursuant to the provisions of the RBI guideline '**Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs)'** dated April 27, 2021 and provisions of section 139, 142 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder and basis recommendation of the Board of Directors in this regard, appointment of M/s. Haribhakti & Co LLP, Chartered Accountants, holding firm registration no: 103523W / W100048 as Statutory Auditors of the company, for the period of three years (from financial year 2021-22 to 2023-24), to hold office from the conclusion of 24th Annual General Meeting till the conclusion of the 27th Annual General Meeting of the Company, at such remuneration and on such terms and conditions as may be agreed between the Auditor and Board of Directors, be and is hereby approved;

Special Business:

4. **Re-appointment of Ms. Nina Nagpal (DIN – 00138918) as Managing Director**
   To consider and if thought fit to pass with or without modification(s) the following resolution as special resolution:

   "RESOLVED THAT pursuant to the provisions of Section 203, 190, 196, 197 and 203 read with Schedule V and any other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial personnel) Rules, 2014 made thereunder (including any statutory modification an re-enactment (s) thereof, for the time being in force) and relevant clause under the Articles of Association of the Company and subject to the approval of any regulatory approvals, if any, the members be and hereby accords its consent for re-appointment of Nina Nagpal (DIN-00138918) as Managing Director for a period of two years, effective from June 01, 2021 to May 31, 2023 with the remuneration and terms and conditions of re-appointment as referred in the Letter of Appointment.

   RESOLVED FURTHER THAT the appointment and remuneration of Ms. Nina Nagpal would be in accordance with the terms of section 196, 197 and other applicable provisions of Companies Act 2013 and in the event of absence or inadequacy of net profits in any financial year, the remuneration payable to the Managing Director shall be governed by Section II of Part II of Schedule V to the Companies Act, 2013 or any statutory modification thereof.

   RESOLVED FURTHER THAT during such time as Ms. Nina Nagpal holds and continues to hold the office of the Managing Director, she shall not be liable to retirement by rotation.

   RESOLVED FURTHER THAT the appointment may be terminated at any time by either party thereto by giving to the other party notice of such termination as referred in the Letter of Appointment.

RESOLVED FURTHER THAT any Directors or Company Secretary or Chief Financial Officer be and is hereby authorized to file necessary forms to give effect of the appointment of Ms. Nina Nagpal as Managing Director of the Company and comply with the necessary regulations as laid down by Reserve Bank of India and the Registrar of Companies, Ministry of Corporate Affairs or any other regulatory authority."

5. **Approval of Private Placement Offer Letter (PPOL) and Shelf Information Memorandum (S-IM) and Issuance of Debentures and Other Borrowings**
To consider and if thought fit to pass with or without modification(s) the following resolution as a Special Resolution:

"RESOLVED THAT in supersession of earlier resolutions and in accordance with the provisions of Section 180 (1) (c) and Section 42 of the Companies Act, 2013 and other applicable provisions, if any, and rules as made thereunder, the approval of the members be and is hereby accorded for raising monies by way of (a) issuance and allotment of various series/ tranches of Secured Debentures or Unsecured Debentures where the returns are either fixed, floating or linked to the market, (b) issuance of Commercial Papers (CPs), (c) term loans or Inter-Corporate Deposits (ICDs) and (d) any other means of borrowing funds permitted under applicable law, from time to time as it may think fit, any sum or sums of money which together with the monies already borrowed (apart from temporary loans obtained from the company's bankers in the ordinary course of business) shall not exceed in the aggregate, at any time Rs. 10,000/- crores (Rupees Ten Thousand Crores only).

RESOLVED FURTHER THAT the Board of Directors are hereby authorized to:

i. appoint a Debenture Trustees / distributors for the purpose of issuance of Secured / Unsecured Non-Convertible Debentures (NCDs);

ii. appoint an IPA for the purpose of issuance of CP's;

iii. Negotiate, finalize, sign, execute and deliver all the relevant transaction documents in connection with the issuance of NCDs on behalf of the company, including but not limited to the PPOL, S-IM, Debenture Trust Deed (DTD), DTA, Deed of Hypothecation, Distribution agreement and such other documents, deeds, notices, letters, agreements, power of attorneys, declarations, memorandums, indentures, indemnities (including without limitation in respect of stamp duty), undertakings, instruments and forms etc. as may be required and to appear before appropriate authority for adjudication, stamping or registration of such documents;

iv. Negotiate, finalize, sign, execute and deliver, including but not limited to such documents, deeds, notices, letters, agreements, power of attorneys, declarations, memorandums, indentures, indemnities (including without limitation in respect of stamp duty), undertakings, instruments and forms in connection with the issuance CPs, sanction of term loans and ICDs and any other means of borrowing funds permitted under applicable law or for creation of any security interest, including but not limited to a Deed of Hypothecation or for any other purpose mentioned in these resolutions or to give effect to any transactions contemplated in such documents and to appear before appropriate authority for adjudication, stamping or registration of such documents; and

v. take such steps as may be necessary for obtaining approvals, statutory, contractual or otherwise in relation to the above and generally do all such acts, deeds, matters and things as may be necessary, proper, expedient or incidental for giving effect to this resolution.

RESOLVED FURTHER THAT pursuant to Section 180(1)(a) and other applicable provisions and rules, if any, of the Companies Act, 2013, consent of the members be and is hereby given to the company to create such security interest (including but not limited to) by way of mortgages, hypothecation and pledge in addition to the existing charges on such movable and immovable properties, both present and future and in such manner as the members may deem fit, in favour of banks/financial institutions, other investing agencies and trustees for the holders of NCDs or other lenders.

By Order of the Board
For Citicorp Finance (India) Limited

Sd/-
Sameer Upadhyay
Company Secretary

Date: August 23, 2021
Place: Mumbai

Notes:

1. In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its circular dated May 5, 2020 read with circulars dated April 8, 2020, April 13, 2020 and January 13, 2021 (collectively referred to as "MCA Circulars") permitted the holding of the Annual General Meeting ("AGM") through VC / OAVM, without the physical presence of the Members at a common venue.

2. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. IN ORDER TO BE EFFECTIVE PROXIES MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.

3. In case of joint shareholders, the member whose name appears in the register of member first will be entitled to receive the notice of meeting.

4. The copies of the relevant documents can be inspected at the registered office of the Company on any working day during the business hours.

5. The register of members of the Company will remain closed from September 17, 2021 to September 23, 2021 both days inclusive.

6. The resolutions will be taken as passed effectively on the date of Annual General Meeting.

7. In terms of the requirements of the Secretarial Standards - 2 on "General Meetings" the Route – Map for the location of the aforesaid meeting is enclosed herewith as **Annexure I.**

EXPLANATORY STATEMENT

Explanatory statement pursuant to Section 102 of the Companies Act, 2013

ITEM NO. 2

The Board of Directors at its meeting held on March 25, 2019 had appointed Mr. Neeraj Kumar (DIN- 08389469) as an Additional Director w.e.f March 26, 2019, on the recommendation of Nomination and Remuneration Committee. Further, the appointed of Neeraj was approved / confirmed by the shareholders in the Annual General Meeting held on September 27, 2019.

Mr. Neeraj Kumar is an engineering graduate and have done MBA from Indian Institute of Management, Lucknow. He has 20 years of experience in the Indian Financial Services sector. He joined Citigroup in 2003 in Mumbai from ICICI Bank. Prior to moving to ANZ in January 2013, Neeraj was the Senior Relationship Manager at Citi, managing key accounts in Western India. At ANZ, he was the Head of large corporate relationships for West and North India. He’s covered clients across industries and different business segments. He’s helped clients raise ~ $60bn+ of debt capital across different markets, currencies and instruments. Rejoined Citi in Oct 2017 to head Local Corporate Bank for Western India.

Presently, he is responsible for FI & PS businesses across Banks, NBFCs, Asset Managers, Insurance, Broker-dealer, Exchanges, MFIs, Financial Sponsors and State-Owned Enterprises.

Further, additional disclosure as per Secretarial Standard -2 issued by ICSI are as below:
Mr. Neeraj Kumar (DIN- 08389469), Director

Date of Birth	45 Years (DOB- November 11, 1975)
Nationality	Indian
Qualification	Engineering Graduate and MBA from Indian Institute of Management, Lucknow
Experience	20+ years
Term and Condition of re-appointment and remuneration	Non-Executive Director liable to retire by rotation.
Remuneration last drawn	NA
Date of first appointment on the board	Mar 26, 2019
Shareholding in the Company	Nil
Relationship with other Director or Manager to KMPs	NA

Number of Board Meeting attended during the Financial Year 2020-21	05 (Five)
Other Directorship	NA
Membership / Chairmanship of Committees of other Boards	NA

None of the Directors or Key Managerial Personnel except Mr. Neeraj Kumar is in any way concerned or interested in this resolution.

Your Directors recommend passing of this resolution by way of an ordinary resolution.

ITEM NO. 4

The Board of Directors at its meeting held on May 29, 2018 had appointed Ms. Nina Nagpal (DIN- 00138918) as an Additional Director who was further appointed as Managing Director of the Company for the period of one year (effective June 01, 2018) which was expired on May 30, 2019. In the board meeting held on May 30, 2019 she was re-appointed as Managing Director of the Company (for the period of two years) which was expired on May 30, 2021. With the recommendation of Nomination and Remuneration Committee, the Board of Directors re-appointed Nina as Managing Director of the Company, effective June 01, 2021, for the further period of 2 years.

In addition to other leadership positions in Citigroup, Nina was the Chief Operating Officer for Morgan Stanley and MD & CEO of the Morgan Stanley NBFC during 2010-2013. She has held other leadership roles where she has delivered impact.

During this period, she has spearheaded a number of large financial services initiatives, policy dialogues with the Government and Indian regulators. Her prior experience includes leadership role at a Stock Exchange and Financial Sector Specialist at the United States Agency for International Development. She has been on a number of Board and Committees.

Further, additional disclosure as per Secretarial Standard -2 issued by ICSI are as below:

Ms. Nina Nagpal (DIN- 00138918), Managing Director

Date of Birth	57 Years (DOB- December 6, 1963)
Nationality	Indian
Qualification	Postgraduate Diploma, American University, Washington DC, Masters in Business Economics, Delhi University
Experience	33+ years

Term and Condition of re-appointment and remuneration	As mentioned in the Letter of appointment as Managing Director
Remuneration last drawn	Information available with HR team
Date of first appointment on the board	June 01, 2018
Shareholding in the Company	Nil
Relationship with other Director or Manager to KMPs	NA
Number of Board Meeting attended during the Financial Year 2020-21	6 (Six)
Other Directorship	Appointed as Nominee Director in India Infradebt Limited w.e.f April 01, 2021
Membership / Chairmanship of Committees of other Boards	NA

None of the Directors or Key Managerial Personnel except Ms. Nina Nagpal, is in any way concerned or interested in this resolution.

Your Directors recommend passing of this resolution by way of an ordinary resolution.

ITEM NO. 5

As per Sections 42 and all other applicable provisions of the Companies Act, 2013 and rules made thereunder and any other applicable laws as amended from time to time, a Company offering or making an invitation to subscribe to Non-Convertible Debentures (NCDs) on a private placement basis, is required to obtain the approval of the members by way of a special resolution. Such an approval can be obtained once a year for all the offers and invitations made for such NCDs during the year.

Further, the borrowings of the Company, as approved by the Board and shareholders, may if necessary be secured by way of charge / mortgage / hypothecation on the Company's assets in favour of the lenders/holders of securities / trustees for the holders of the said securities. As the documents to be executed between the lenders / security holders / trustees for the holders of the said securities and the Company may contain provisions to take over substantial assets of the Company in certain events, it is necessary to pass a special resolution under Section 180(1)(a) of the Act for creation of charges / mortgages / hypothecations.

Your Directors has approved the resolution on June 25, 2021 and recommend passing of this resolution by way of a Special Resolution.

None of the Directors or Key Managerial Personnel is in any way concerned or interested in this resolution.

By Order of the Board of Directors
For Citicorp Finance (India) Limited

Sd/-
Sameer Upadhyay
Company Secretary

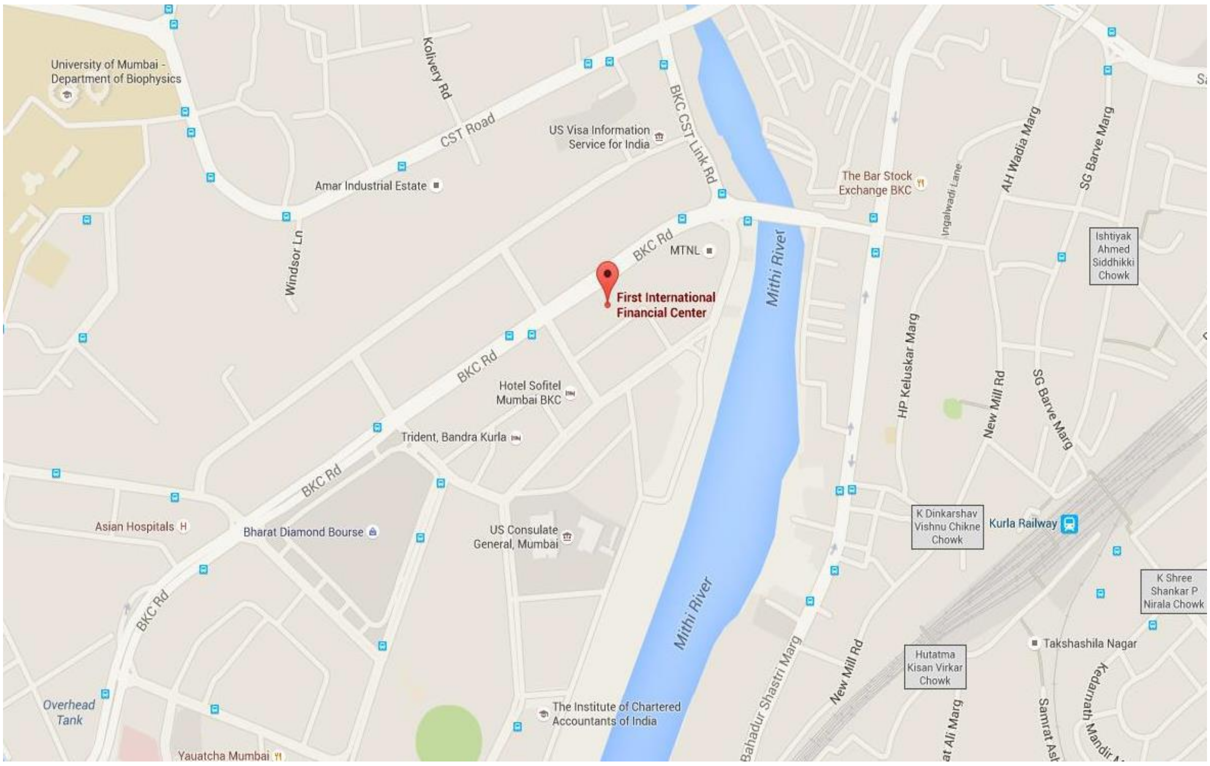
Date: August 23, 2021
Place: Mumbai

Annexure I

Route Map for Venue of the Meeting

Citicorp Finance (India) Limited
Registered Office:
8th Floor, First International Financial Center, Plot No C54 & C55, G Block, Bandra Kurla Complex, Bandra East, Mumbai – 400098.

Landmark: Near Hotel Sofitel, Bandra Kurla Complex



Created Date : 24-09-2021

Form no. MGT-11
Proxy Form

[Pursuant to section 105(6) of companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN:	**U65910MH1997PLC253897**
Name of the Company:	Citicorp Finance (India) Limited
Registered Office:	8th Floor, First International Financial Centre, Plot Nos. C-54 & C-55, G-Block, Bandra-Kurla Complex, Bandra (East), Mumbai – 400 098, Maharashtra

Name of the member (s):
Registered address:
E-mail ID:
Folio No/Client Id:
DP ID: NA

I/We, being the member (s) of Citicorp Finance (India) Limited, holding ______________ equity share of the above named Company, hereby appoint

1.Name:
Address:
Email Id:

Signature: ……………………………….

2. Name:
Address:
Email Id:

Signature: ……………………………….

As our proxy to attend and vote (on a poll) on our behalf at the Annual General Meeting of the Company, to be held on the September 23, 2021 at 3.00 pm in person/through VC (recorded version) at Mumbai, Maharashtra and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolutions	**For**	**Against**
<u>Ordinary Business:</u> 1. To consider and adopt the financial statement for the year ended March 31, 2021 consisting of: • Audited Balance Sheet (Standalone and Consolidated); • Audited Statement of Profit and Loss Account (Standalone and Consolidated); • Audited Cash Flow Statement (Standalone and Consolidated); • Audited Notes to Financial Statement (Standalone and Consolidated) and • Board of Directors' Report (Standalone)		

2. To appoint Director in place of Mr. Neeraj Kumar (DIN: 08389469) who retires by rotation and being eligible, offers himself for re-appointment. 3. To appoint Statutory Auditors and to authorize the Board to fix their remuneration		
Special Business: 4. Re-appointment of Ms. Nina Nagpal (DIN- 00138918) as Managing Director of the Company 5. Approval of Private Placement Offer Letter (PPOL) and Shelf Information Memorandum (S-IM) and Issuance of Debentures and Other Borrowings		

Signed this……….. day of ………. , 2021.

Signature of Shareholder

Signature of Proxy Holder(s)

Note:

1. This form of Proxy in order to be effective should be duly completed and deposited at the registered office of the Company, not less than 48 hours before the commencement of the Meeting.
2. For the Resolution and Explanatory Statement please refer to notice of 24th Annual General Meeting.
3. It is optional to put a X' in the appropriate column against the resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all Resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
4. Please complete all details including details of member(s) in above box before submission.

ATTENDANCE SLIP
(To be presented at the entrance)
Citicorp Finance (India) limited

Registered office: 8Th Floor, First International Financial Centre, Plot Nos. C-54 & C-55, G-Block, Bandra-Kurla Complex, Bandra (East), Mumbai – 400 098, Maharashtra
CIN: U65910MH1997PLC253897

24th Annual General Meeting

Venue of the Meeting: in person/through VC (recorded version) at Mumbai Maharashtra
Date & Time: September 23, 2021 at 3.00 pm
PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING VENUE

Name	
Address	
DP Id*	
Client Id*	
Folio No.	
No. of shares held	

*Applicable for investors holding shares in Electronic form.
I certify that I am the registered shareholder/proxy for the registered shareholder of the Company.
I hereby record my presence at the **24th Annual General Meeting** of the Company held on **September 23, 2021 at 3.00 pm in person/ through VC (recorded version) at Mumbai, Maharashtra.**
*Applicable for shareholders holding shares in electronic form

____

Signature of Member / Proxy

Note: 1. Electronic copy of the Annual Report for 2021 and Notice of the Annual General Meeting along with attendance slip and proxy form is being sent to all the members whose email address is registered with the Company/~~Depositary Participant~~ unless any member has requested for a hard copy of the same. Shareholders receiving electronic copy and attending the Annual General Meeting can print copy of this attendance slip.
2. Physical copy of the Annual Report for 2021 and notice of the Annual General Meeting along with attendance slip and proxy form is sent in the permitted mode(s) to all members whose email ids are not registered with the Company or have requested for a hard copy.

DIRECTORS' REPORT

To,
The Members,
Citicorp Finance (India) Limited

Your Directors are pleased to present herewith their 24th Annual Report of the Company together with the financial statements for the year ended March 31, 2021.

The performance highlights and summarized financial results of the Company are given below:

FINANCIAL HIGHLIGHTS

Summary of the Financial results for the year :

- Standalone income for the year 2020-21 decreased by 8% to Rs. 779 Crores as compared to Rs. 840 Crores in 2019-2020;
- Standalone profit after tax for the year 2020-21 was Rs. 154 Crores as compared to Rs. 113 Crores in 2019-20;
- Consolidated income for the year decreased by 7% from Rs. 837 Crores in the Financial Year 2019-20 to Rs. 777 Crores in the Financial Year 2020-21;
- Consolidated profit after tax for the year was Rs 180 Crores as compared to Rs. 135 Crores in the Financial Year 2019-20.

FINANCIAL RESULTS

The summary of the financial result of the Company for the period ended March 31, 2021 as compared to the previous financial year is stated below:

Rs. in Crores

Particulars	**Standalone**		**Consolidated**	
	Year Ended Mar 31, 2021	**Year Ended Mar 31, 2020**	**Year Ended Mar 31, 2021**	**Year Ended Mar 31, 2020**
1. Total Income	779	840	777	837
2. Profit before tax before share in profit of associate	217	167	214	164
3. Share in profit of associate	0	0	28	24
4. Profit before tax	**217**	**167**	**242**	**189**
5. Total Tax	62	54	62	54
6. Profit after Taxation	**154**	**113**	**180**	**135**
7. Other comprehensive income (net of tax)	5	18	5	18
8. Total comprehensive income	159	131	185	152

9. Amount transferred to Statutory Reserves	31	23	31	23
10. Dividend payout (Including Debenture Distribution Tax)	90	158	90	158

The financial statements are prepared in accordance with Indian Accounting Standard (Ind AS).

COVID-19

In the last month of Financial Year 2020, the COVID-19 pandemic developed rapidly into a global crisis, forcing governments to enforce lock-downs of all economic activity. For the Company, the focus immediately shifted to ensuring the health and well-being of all employees, and on minimizing disruption to services for all our customers. Considering this the Company immediately switched to work remotely and from home for employees. The Company expresses its appreciation and gratitude towards its employees for keeping the businesses running under most challenging conditions.

STATE OF AFFAIRS

The year 2020-21 has been exceptional due to COVID pandemic. Amidst the prevailing pandemic situation, the Company has continued to remain vigilant and conservative. Your Company has been consistently reviewing its asset portfolio and the attendant credit risks and rationalizing its credit exposure. CFIL's credit rating has been maintained at AAA/Stable for NCD and A1+ for ICDs/CPs by both CRISIL & ICRA. As a result, during the course of the year, its access to funds was not impacted.

Under the COVID conditions, we have seen~10% contraction in the loan book during 2020-21.

The Company remain committed to managing the risks and according the highest priority to our customers, investors and shareholders. The Company will continue the emphasis on building mutually beneficial relationships with them. Importantly, the Company culture of adherence and regulatory compliance continues to be an important pillar of the Company's governance. Integrity and transparency in our operations remain the other key pillars of our approach to governance.

The Company will continue to evaluate new business opportunities in addition to ensuring an optimal and stable asset portfolio.

In view of COVID, most of our employees have continued to work from home. The company has made arrangements for supporting the employees during COVID including medical support and is extending facility for vaccination.

Employees "Return to Site' is being constantly evaluated and will be a function of COVID conditions across locations where the Company offices are located and progress with vaccinations.

STATE OF THE COMPANY'S AFFAIRS AND OPERATIONS REVIEW

Pursuant to the Companies Amendment Act, 2020 and the Companies (Specification of definitions details) Second Amendment Rules 2021 issued by Ministry of Corporate Affairs, effective April 01, 2021 the status of the Company has been changed from Listed Public Company to Unlisted Public Company under the requirement of the Companies Act. However, under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015 the Company continuous to be under the preview of the Listed Company.

The Company operates in various segments as mentioned below:

Corporate Business

a) Margin & Securities Backed Finance
b) Corporate loans
c) Mid and Small Segment Loans
d) Trade Finance

Consumer Business

a) Personal Loan
b) Asset backed Finance

Detailed description of each segments are given below:

Corporate Business

a) Margin & Securities Backed Finance (MSBF)

The Company offers lending against financial securities like listed equity shares, mutual funds and bonds. This is a competitive business segment and we focus only on the Ultra High Net worth clients. Given the market volatility, the loan portfolio had declined sharply in the March 2020 quarter however as the markets stabilized, the book size increased gradually over the last 12 months to close at Rs. 3,141 Crores as on March 31, 2021. In the wake of the COVID-19 induced uncertainty, the business took a conscious decision to trim its concentrated stock lending exposures and focus on profitability and risk management. The new business growth was also impacted due to COVID-19 lockdown, but the growth in the equity markets helped increase the utilization on existing lines. The net interest revenue decreased from Rs. 145 Crores in Financial Year 2019-20 to Rs. 117 Crores in Financial Year 2020-21. It is expected that the business growth going into the first quarter of the Financial Year 2021-22 would be muted due to the second wave of COVID-19.

b) Corporate Loans

The Corporate Loans segment provides secured and unsecured loans to local corporates, financial institutions and multi-national companies. Loan products offered are Working Capital Loans, Short-term Loans and Term Loans.

The Interest income for the year increased from Rs. 92 Crores in Financial Year 2019-20 to Rs. 51 Crores in Financial Year 2020-21 owing to repricing of assets.

There has been a credit impact due to economic stress owing to COVID-19 negative impact on ratings and classification on few name. Loan growth has been muted . Further, the management decided to go slow during this period. The company continue to engage with the clients and monitor their financials closely. In the last couple of months, we have seen growth in the credit requirement primarily arising from the NBFC sector. Further, the company has engaged with clients on few large acquisition financing deals in the current quarter.

c) Mid and Small Segment Lending

Mid and Small Corporate Segment business caters to financing needs of small and medium enterprises by offering term loan for both short term purpose like working capital loan or long term loans for capital expenditure or acquisition financing etc. As of March 31, 2021 Loan Portfolio under this segment stood at Rs. 150 Crores. The revenue from this segment, predominantly in the form of interest on loans, decreased from Rs. 22 Crores in Financial Year 2019-20 to Rs. 13 Crores in Financial Year 2020-21due to rundown of loans in the portfolio.

Despite of COVID- 19 disruptions, asset quality of this portfolio continued to be strong due to judicious customer selection based on defined target market criteria and strict compliance to policies and processes. We continue to closely monitor clientele in this segment on their financial performance and liquidity position.

d) Trade Finance

Loan Products offered by this segment are mainly bills discounting. Segment income consists of interest on loans and service charges. The net interest revenue for the year decreased from Rs.15 Crores in Financial Year 2019-20 to Rs. 4 in Financial Year 2020-21.

During the year under review, the Company has not purchased Trade Loan portfolio from Citibank N.A, India.

Clients have working capital requirements but given the lockdown situation, they do not have invoices to be discounted by us due to which the trade loan offtake is subdued. .

None of the Trade Finance clients have applied to avail off the moratorium scheme launched by RBI.

Consumer Business

a) Personal loan (PL)

This portfolio comprises of loan portfolios assigned by Citibank to the Company. This segment includes personal loans to retail customers. Segment income mainly comprises of interest on loans. These loans have maximum tenor of 5 years with an average ticket size of Rs. 2.5 Lakhs.

PL book size for the Financial Year 2020-21 stands at Rs. 1170 Crores. The net Interest revenue has decreased from Rs. 56 Crores in FY 2019-20 to Rs. 37 Crores in FY 2020-21.

The Company has purchased personal loan portfolio from Citibank N.A, India of Rs. 468 Crores during the year under review.

With the second wave of COVID- 19, collections are being closely monitored by the Company.

b) Asset Backed Finance (ABF)

ABF caters to the asset needs of the transportation and construction industry customers. It lends services in the form of loans for the purchase of commercial vehicles and construction equipment along with providing refinance on existing free assets for their working capital needs. The segment earns income in the form of interest on loans, loan assignments, processing fees, subventions and incentives from manufacturers and dealers etc. Further, as all loans qualify under the guidelines of PSL for banks, they allow for assignment to the Citibank. Furthermost, ABF provides servicing and collection services for the Citibank ABF portfolio and charges a servicing and collection fee for the same. ABF is the key contributor in fulfilling PSL requirement of Citibank, majorly in Agriculture sector. ABF is operating out of 38 branches and covers more than 300 locations.

Further, the Company outlook for the Financial Year 2021-22 would be to focus on Rural Infrastructure projects for Roads, irrigation, warehousing, cannel constructions, Agriculture & agriculture ancillary supply chain etc.

Net Interest revenue and fee revenue from the ABF portfolio decreased from Rs. 94 Crores in Financial Year 2019-20 to Rs. 61 Crores in Financial Year 2020-21.

The Company has sold ABF portfolio to Citibank of Rs 172 Crores during the year under review.

Liquidation of Advance against Financial Assets (AAFA)

The Company AAFA portfolio stands fully liquidated as on November 30, 2020.

The Company started the liquidation process with approximately 135 Crores of balance sheet across ~180 clients as on June 2020. The liquidation involved multiple rounds of communication to clients via e-mail and physical letters.

The Company appreciates the seamless engagements by AAFA RMs in sensitively handling of client relationships to ensure hassle free exit, Guidance from the Working Committee involving all stakeholders in formulating the liquidation approach and the Operations team who worked tirelessly to ensure account closures, collateral removal and Sale execution.

The Company has not received a single customer escalation/complaint during the liquidation process.

EXIT OF BUSINESS

Citigroup Inc (Citi), the ultimate shareholder of the Company, on April 15, 2021, announced strategic actions in Global Consumer Banking ('GCB')- as part of an ongoing strategic review- to direct investments and resources to the businesses where it has the greatest scale and growth potential. As a result, Citi intends to pursue exits from its consumer business from India. Company's Institutional Clients Group will continue to serve clients in these markets. The Company is evaluating an exit of the GCB Business in India via a sale transaction. The management has not approved entering into any binding sale agreement, as at the date of adoption of this Report. Consequently, the outcome of the same is not definitively ascertained.

OPPORTUNITIES AND THREATS

The economic environment resulting from COVID has brought in uncertainty. Varying degrees of lockdowns across various states has dampened economic activity and impacted growth momentum. Lower demand in several sectors and concomitant investment for expansion has impacted credit demand from several sectors.

Under the circumstances CFIL has continued to focus on both origination and collections. The Collection Efficiency for ABF business was brought back on track effective September 2020 after a period of slack. CFIL has taken the opportunity to reassess its portfolio and rationalized some of its outstanding loans where the Company's risk perception was misaligned to our risk appetite.

DIVIDEND

The management declared an interim dividend of Rs. 81.26 Crores (excluding Dividend Distribution Tax of Rs. 8.74 Crores) i.e Rs. 0.23 per equity share (face value of Rs.7.50 each) for the financial year 2020-2021.

TRANSFER TO SPECIAL RESERVE/ OTHER RESERVES

During the year ended March 31, 2021, the Company has appropriated Rs. 30.87 Crores towards the Statutory Reserve (Previous Year – Rs. 22.64 Crores) in accordance with requirements under Section 45IC of the Reserve Bank of India Act, 1934.

SHARE CAPITAL

The authorized share capital of the Company stands at Rs. 39,520,000,000 (Rs. Three Thousand Nine Hundred and Fifty Two Crores only) as at March 31, 2021. The issued, subscribed and paid up share capital of the Company as at March 31, 2021 is Rs 28,932,952,032 (Rs. Two Thousand Eight Hundred Ninety Three Crores Twenty Nine Lacs Fifty Two Thousand and Thirty Two only). There is no change in the share capital during the year.

INTERNATIONAL SECURITIES IDENTIFICATION NUMBER (ISIN)

Pursuant to Section 29 Companies Act 2013 and relevant rules prescribed therein and SEBI (Listing Obligation and Disclosure Requirements) Regulation 2015, as applicable and as amended from time to time, there is a guidance from the Ministry of Corporate Affairs and SEBI to convert securities in dematerialized form. Accordingly, the Company had applied to Stock Exchange for ISIN and the same has been accorded on April 21, 2020. Now shareholders can convert its shares into dematerialized form and transfer its shares through Depository Participant.

INVESTOR AWARNESS

The Securities and Exchange Board of India (SEBI), effective April 01, 2019, barred physical transfer of shares of listed companies and mandated transfers only through demat. However, investors are not barred from holding shares in physical form. We request shareholders whose shares are in physical mode to dematerialize their shares.

ANNUAL RETURN

As required by Section 92(3) and 134 (3)(a) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014, please refer website of the Company at www.citicorpfinance.co.in for Annual Return in MGT 7.

RELATED PARTY TRANSACTIONS

The particulars of every contract or arrangement entered into by the Company with its related parties pursuant to Section 188 of the Companies Act, 2013 for the financial year 2020-21 are in the ordinary course of business and at arm's length. The statement showing related party transaction in Form No. AOC-2 along with relatives of Directors are enclosed herewith as **Annexure I.** For further details of related party transactions please refer Note 35 of Financial statements.

The Related Party Transactions Policy are uploaded on the website of the Company at www.citicorpfinance.co.in.

RESERVE BANK OF INDIA GUIDELINES ON PUBLIC DEPOSITS

As per the Reserve Bank of India guidelines for Non-Banking Finance Companies, during the financial year 2020-21 the Company has not accepted any deposits from the public and shall not accept any deposits from the public without obtaining prior approval of Reserve Bank of India. Further, RBI issued a circular "Financial Regulation of Systemically Important NBFCs and Banks' Relationship with them" dated December 12, 2006 according to which the Company is categorized as a systemically important non-deposit taking NBFC and in terms of said guidelines the Company is required to maintain a minimum Capital to Risk-Weighted Assets Ratio (CRAR) of 15% and also comply with the single and group entity exposure norms. We are pleased to state that the CRAR of the Company as on March 31, 2021 was 45.50 % as compared to the prescribed ratio of 15%. As regards, compliance with the group entity exposure norms, which are applicable effective April 1, 2007, the Company is in compliance with all the norms as on March 31, 2021.

EVENTS SUBSEQUENT TO THE DATE OF FINANCIAL STATEMENTS

Event subsequent to the date of financial statements has been updated in the respective section.

CAPITAL EXPENDITURES

During the year under review, the Company has incurred capital expenditure of Rs. 7 Crores towards fixed assets (Previous year Rs. 11.45 Crores).

SALE OF NON PERFORMING ASSETS (NPAs)

There was no sale of NPAs during the financial year 2020-21.

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

a) Conservation of Energy, Technology Absorption

The Company, being a financial services Company, the particulars regarding conservation of energy and technology absorption are not relevant to its activities.

b) Foreign Exchange Earnings

There were no foreign exchange earnings during the financial year 2020-21.

c) Foreign Exchange Expenditure

Rs. in Crores

Particulars	**For the year ended March 31, 2021**	**For the year ended March 31, 2020**
Technology and software expenses	6	5
Transfer pricing fees	17	20
HR Processing fees	0.45	0.48
Other expenses	0.80	0.64
Total	**24**	**26**

SUBSIDIARY, JOINT VENTURE AND ASSOCIATE COMPANY

The Company did not have any subsidiary or entered into joint venture during the financial year 2020-21. As per shareholder agreement, the Company has an associate Company namely India Infradebt Limited.

AUDITORS AND REPORTS

a) Statutory Auditors

The Reserve Bank of India (RBI) issued guidelines on appointment of Statutory Auditors for Banks and NBFC, effective 2021-22. As per the new guidelines '**Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs)'**, statutory auditor can serve a maximum term of three years, as against appointment under Companies Act, 2013 which is for a term of five years.

M/s. MSKA & Associates, Chartered Accountants, holding firm registration no. 105047W was appointed as statutory auditors of the Company at the Annual General Meeting held on September 29, 2017 for a period of five years from the conclusion of 20th AGM till the conclusion of 25th AGM.

Accordingly, MSKA & Associates, current statutory auditors, would need to rotate out and a new audit firm would be required to be appointed for three years beginning 2021-22.

b) Secretarial Auditor

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors of the Company in its meeting held on June 05, 2020 had appointed M/s Zainab H. Poonawala & Associates, Practicing Company Secretary, Certificate of Practice No. 8874 as secretarial auditor of the Company to undertake the secretarial audit of the Company.

The Secretarial Audit Report for the year ended March 31, 2021 is annexed to this report as **Annexure II.**

c) Internal Auditors

Pursuant to Section 138 of the Companies Act, 2013 read with rule 13 of the Companies (Accounts) Rules, 2014, the Board of Directors in its meeting held on June 05, 2020 had appointed Mr. Samir Gala as Internal Auditor for the Financial Year 2020-21. Further, due to movement of Mr. Samir Gala into another role, he stepped down from the position of Internal Auditor and Mr. Ashutosh Pandey was appointed as Internal Auditor of the Company for the Financial Year 2020-21 effective September 01, 2020.

The Internal Auditor manages the provision of Internal Audit Services and reports functionally to the Audit Committee of the Company and both functionally and administratively to the Chief Auditor of Citigroup or his designee within full compliance and alignment with the letter and spirit of local regulatory requirements. Internal Audit responsibilities are carried out independently under the oversight of the CFIL Audit Committee and Internal Audit employees accordingly report to the Chief Auditor of Citigroup or his designee and do not have reporting lines to management. Internal Audit reviews are completed as per the Annual Audit Plan and results of same are reported to CFIL Audit Committee. Internal audit contributes to the assessment and reporting of emerging risks and issues across the business, engages with the Senior Management Team and Board Stakeholders and escalate significant issues on a timely basis.

AUDITORS REPORT

(i) Statutory Auditors

The Auditor's Report issued by statutory auditor of the Company for the year ended March 31, 2021 does not contain any qualification, reservation or adverse remark.

The statutory auditors in their report to members have made certain observations, which though are not qualifications in nature, have been explained as under:

In para 7(c), the Auditors have mentioned that following dues have not been paid:

Name of the statute	Nature of the dues	Amount Rs. in Lakhs	Period to which the amount relates	Forum where dispute is pending
Income Tax Act,1961	Income Tax Demands	8.35	AY 1999-2000	Commissioner of Income Tax (Appeals)
Income Tax Act,1961	Income Tax Demands	5.86	AY 2001-02	Assessing Officer
Income Tax Act,1961	Income Tax Demands	33.71	AY 2002-03	High Court
Income Tax Act,1961	Income Tax Demands	1.35	AY 2002-03	Assessing Officer
Income Tax Act,1961	Income Tax Demands	356.52	AY 2005-06	Assessing Officer
Income Tax Act,1961	Income Tax Demands	28.93	AY 2006-07	Income Tax Appellate Tribunal
Income Tax Act,1961	Income Tax Demands	578.63	AY 2011-12	Assistant Commissioner

				of Income Tax (Appeals)
Income Tax Act,1961	Income Tax Demands	159.30	AY 2012-13	Commissioner of Income Tax (Appeals)
Maharashtra VAT Act, 2002	VAT Demands	266.23	FY 2010-11	Joint Commissioner of Sales Tax (Appeals IV)
Maharashtra VAT Act, 2002	VAT Demands	42.37	FY 2016-17	Joint Commissioner of Sales Tax
Finance Act, 1994	Service Tax Demands	1,073.08	FY 2006-07 to 2008-09	Customs, Excise and Service Tax Appellate Tribunal
Karnataka Value Added Tax Act, 2003	Vat Demands	1432.00	FY 2005-06 to FY 2010-11	Reassessment proceedings with Assessing Officer

The Company has been assessed under Income tax Act, 1961, as a result of which the total demand, primarily on account of certain disallowances in the course of assessment for various years, outstanding against the Company is Rs. 1172.65lakhs (March 31, 2019 : Rs 854 lakhs)

There were outstanding demands against the Company under Karnataka Value Added Tax Act, 2003, primarily on account of disallowance of input tax credit amounting to 1,702 Lakhs (31 March 2019 : Rs 1702 lakhs). These matters were heard before the Karnataka Appellate Tribunal and were remanded back to the Assessing Authority. There were in all 6 years i.e. FY 2005-06 to FY 2020-11. For FYs 2005-06, 06-07, 07-08 and 2010-11, the Assessing Officer has passed a clean order. The orders for FY 2008-09 and FY 2009-10 are still awaited. However the amount continues to be reported in contingent liability.. CFIL has under this issue made a pre deposit of Rs. 270 lakhs in the previous years.

There are outstanding demands against the Company under Maharashtra Value Added Tax Act, 2002, primarily on account of levy of VAT on part purchase consideration received on accountant of “transfer of KPO Division” on slump sale basis amounting to Rs. 316 lakhs (March 31, 2019: Rs 316 lakhs) out of this we had made a pre deposit of Rs. 50 lakhs in the previous years.

The VAT assessment by Mumbai office for FY 2016-17 got concluded in the previous year where a demand of Rs 44.32 was raised on account of disallowance of input tax credit. Out of the total demand Rs 1.95 is paid as prepayment during the previous year.

There are outstanding demands against the Company under Finance Act,1994 , primarily on account of adjustment of service tax paid in previous years and other miscellaneous issues amounting to Rs. 1322 lakhs (March 31 2019 : Rs 1123 lakhs) out of this we had made a pre deposit of Rs. 250 lakhs in the previous year.

In the above cases, the Company has partly paid the aforesaid demand under protest and is in the process of appeal against the same with the appropriate tax authorities. The Company has sought legal opinion in the aforesaid demands and is of the opinion that the disallowances / demands are not tenable and highly unlikely to be retained by higher authorities. Accordingly, the Company is not carrying any provision in its books for the above.

(ii) Secretarial Auditors Report

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

(iii) Internal Auditors (IA) Report

During the year under review, Internal Audit of key processes were reviewed as per the Annual Internal Audit Plan and audit results of the same were tabled at the Audit Committee of the Company. Major areas reviewed during the Financial Year 2020-21 included talent management and succession planning, margin & securities backed finance (MSBF) processes, treasury, technology infrastructure and applications, security & investigative services and compliance management. Further, the audit results indicate that there are moderate improvements needed on the design and operating effectiveness of internal controls to mitigate and /or manage those inherent risk to which the activities being audited are exposed.

DETAILS IN RESPECT OF FRAUDS REPORTED BY AUDITORS UNDER SUB-SECTION (12) OF SECTION 143 TO THE CENTRAL GOVERNMENT

During the year under review, the auditors have no reason to believe that an offence involving fraud is being or has been committed against the Company by officers or employees of the Company.

VOLUNTARY REVISION OF FINANCIAL STATEMENTS OR BOARD'S REPORT

The Company has not opted for revision of its Financial Statements or its Board's Report.

RISK MANAGEMENT FRAMEWORK

Risk Management is an integral part of the Company's business strategy. Risk is assessed and evaluated at various levels, including at formal Committees and forums, and reported to the Board. The risk review, assessment and mitigation are aligned to the various Risk Policies that the Company has. The risk Policies are approved by the Board.

The Company has a Risk Management Committee, in line with the RBI guidance. The Committee meets on a quarterly basis and reviews a range of actual and potential risks.

The Company loan assets portfolio is also reviewed periodically to assess credit quality and the attendant risks.

Further, consequent to the outbreak of COVID-19 pandemic, the Indian government had announced lockdown in March 2020. Subsequently, the lockdown has been lifted by the government in a phased manner outside specified containment zones. The extent to which the COVID-19 pandemic, including the current second wave that has significantly increased the number of cases in India, may continue to impact the NBFC's performance, will depend on ongoing and future developments, which are uncertain, including among other things, any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact whether government mandated or elected by us.

In accordance with the RBI guidelines relating to COVID-19 Regulatory Package dated March 27, 2020, April 17, 2020 and May 23, 2020, the NBFC had offered moratorium on the payment of installments falling due between March 1, 2020 and August 31, 2020 ('moratorium period') to eligible borrowers based on board approved policies. In respect of accounts where moratorium benefit was granted, the staging of those accounts as at March 31, 2021 is based on the days past due status considering the benefit of moratorium period in accordance with the COVID19 Regulatory Package announced by the RBI vide aforesaid notifications.

RISK MANAGEMENT COMMITTEE (RMC)

As required by the RBI, the Company has constituted a Risk Management Committee (RMC) that meets on a quarterly frequency and reviews and discusses the range of Credit, Market and Operational Risk matters. Specifically, the RMC reviews compliance with risk policies, monitors risk tolerance limits, reviews and analyzes risk exposures related to specific issues and provides oversight of risk across the organization. The committee has been entrusted with the responsibility to identify, evaluate and discuss any business and operational risk faced by the Company. The constitution of the Risk Management Committee includes senior members of the business, function and risk teams, including the internal Directors and the Managing Director.

The proceedings of the RMC are reported to the Board.

RISK REVIEW AND MITIGATION: APPROACH

At the operational level, the risk management oversight structure is multi- level one and includes three lines of defense. The first line of defense is the business or the Function, the second line being the Independent Risk & Compliance and the third line is the Internal Audit and Audit Assurance by a third party firm. The Internal Audit/Audit Assurance function reports into the Audit Committee of the Board.

RISK MANAGEMENT STRUCTURE AND POLICIES

The Company has a documented Corporate Governance Code, which governs forum including the Risk Management Committee & Asset Liability Committee. The Company has constituted Risk Management Committee (RMC), to evaluate risk emanating from Credit, Market, Liquidity, Operations, Regulatory and other residual Risks. While Asset Liability Committee (ALCO) is constituted to review and monitor the rationale for and risk associated with lending and borrowing, resultant gaps in the funding positions of the Company, manages interest rate risk and determine the pricing criteria of various assets and liabilities of the Company.

The Company operates within the risk management framework defined by various risk policies approved by the Board. Further, the Company has framed various policies that define the employee Code of Conduct.

The Company has also constituted the Audit Committee to look after the matters related to internal controls and finance and accounting, regulatory compliance and others.

a) Business and Management Continuity Risk

This has been an important area of focus for the Company and the Company has defined Continuity of Business Plans that are tested every cycle. These plans define the sequence of activities and the responsibility of teams under contingency situation. The contingency plan is currently being implemented under the COVID situation.

The Business Continuity plans are actively monitored and tested and also reviewed by the IT Strategy Committee headed by and Independent Director. The Committee meets on a six monthly frequency.

DETAILS OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS

The Company's internal financial control framework, commensurate with the size and operations of the business and is in line with requirements of the Act. The Company's internal financial controls over financial reporting with reference to the financial statements were adequate and operating effectively.

Further, the Board has adopted the policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial disclosures.

Impact of COVID:

The COVID – 19 pandemic has affected several countries across the world, including India. The pandemic and consequent lockdown imposed by the Government considerably impacted the Company's business operations during the year. The extent to which the COVID – 19 will continue to impact Company's results, including credit quality and provisions, remain uncertain and would depend upon the time taken for economic activities to fully resume and reach normal levels. In accordance with the regulatory package announced by the Reserve Bank of India (RBI) on March 27, 2020, April 17, 2020 and May 22, 2020, the Company has granted a moratorium for the payment of all instalments falling due between March 1, 2020 and August 31, 2020 to all eligible borrowers that have opted to avail the same.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS

There are no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operation in future.

DIRECTORS AND KEY MANANGERIAL PERSONNEL (KMP)

Mr. Neeraj Kumar retires by rotation and being eligible, offers himself for re-appointment.

Ms. Manisha Inamdar had stepped down from the position of Chief Financial Officer (CFO) of the Company w.e.f. September 29, 2020. The Board placed on record its appreciation for her invaluable contribution and guidance during her tenure with the Company.

Mr. Ankit Goyal was appointed as Chief Financial Officer (CFO) in place of Ms. Manisha Inamdar w.e.f. September 30, 2020.

Ms. Nina Nagpal (DIN- 00138918) was appointed as Managing Director effective June 01, 2018 for a tenure of 1 (One) year which was renewed for a further period of 2 (Two) years w.e.f. June 01, 2019.

Her office as Managing Director was expired on May 31, 2021. Based on the recommendation of the Nomination and Remuneration Committee and considering the knowledge, acumen, expertise, experience and the substantial contribution, the Board, at its meeting held on May 31, 2021, approved her re-appointment as Managing Director of the Company for the further period of 2 (Two) years w.e.f June 01, 2021 to May 31, 2023. The Board recommended her re-appointment to the shareholders.

DISQUALIFICATIONS OF DIRECTORS

On the basis of the written representations received from the directors and taken on record by the Nomination and Remuneration Committee and Board of Directors, none of the directors is disqualified from being appointed as a director in terms of Section 164(2) of the Act.

INDEPENDENT DIRECTORS

Independent Directors namely Mr. Deepak Ghaisas and Mr. Saurabh Shah, were appointed for the period of 5 consecutive years with effect from January 28, 2015 to January 27, 2020. Accordingly, their first tenure expired in January 27, 2020. The Nomination and Remuneration Committee in its meeting held on January 23, 2020 re-evaluated their profile and recommended to the Board, the re-appointment for the further period of five years. The same was approved by the Board and Shareholders in the meeting held on January 23, 2020 and August 28, 2020 respectively.

The Company had issued a formal letter of appointment to Independent Directors as provided in the Companies Act, 2013 at the time of appointment.

The terms and conditions of appointment of Independent Directors are placed on the website of the Company at www.citicorpfinance.co.in.

ANNUAL DECLARATION FROM INDEPENDENT DIRECTORS

In term of Section 149 of the Companies Act, 2013 Mr. Deepak Ghaisas and Mr. Saurabh Shah are the Independent Directors of the Company as on date.

Further, the Company has received necessary declarations from Independent Directors under Section 149 (7) of the Companies Act, 2013, that they meet the criteria of Independence laid down in Section 149 (6) of the Companies Act, 2013. For declaration details, please refer **Annexure III.**

RECEIPT OF ANY COMMISSION BY MANAGING DIRECTOR/ WHOLE TIME DIRECTOR FROM A COMPANY OR FOR RECEIPT OF COMMISSION / REMUNERATION FROM ITS HOLDING OR SUBSIDIARY

Nil

NOMINATION AND REMUNERATION POLICY

Your Company believes in the manner of its affairs in a fair and transparent view by adopting the ethical behavior standards, integrity, and professionalism and in compliance of laws towards the society and its stakeholders. In terms of Section 178 of the Companies Act, 2013, the Company has formulated and adopted the Nomination and Remuneration policy in 2016.

This policy formulates the criteria for determining qualifications, competencies, positive attributes and independence for the appointment of a director (executive / non-executive) and also the criteria for determining the remuneration of the directors, key managerial personnel and senior management. Please refer website of the Company at www.citicorpfinance.co.in

VIGILANCE MECHANISM/ WHISTLE BLLOWER POLICY

Pursuant to the provisions of Section 177 (9) and (10) of the Companies Act, 2013 read with Rule 7 of Companies (Meetings of Board and its Powers) Rules, 2014 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has in place a Vigil Mechanism/Whistle Blower Policy to encourages and supports its Directors and employees of the Company, to disclose any unethical and improper practice taking place in the Company.

The said Policy is available on the Company's website at www.citicorpfinance.co.in.

COMPANY'S POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION INCLUDING CRITERIA FOR DETERMINING QUALIFICATIONS, POSITIVE ATTRIBUTES, INDEPENDENCE OF A DIRECTOR AND OTHER MATTERS PROVIDED UNDER SECTION 178 (3)

Please refer Nomination and Remuneration Policy Section.

PARTICULARS OF LOANS, GUARANTEE OR INVESTMENT

The Company, being an NBFC, the disclosure regarding particulars of loans made, guarantees given and securities provided in the ordinary course of its business is exempted as per the provisions of Section 186(11) of the Companies Act, 2013. However, one of the Citigroup entity (Citicorp Services India Private Limited) has placed Inter- Corporate Deposits (ICDs) with the Company.

CORPORATE GOVERNANCE

Company's Philosophy

The Company since its establishment has held a firm belief of carrying on the business with greater transparency and accountability, the mandate, composition and working procedures of committees so as to:

a) Ensure transparent and fair relationship with the Stakeholders, Investors, Customers, Employees, Creditors, Government in all its dealings;
b) Institute systems and processes to ensure the compliance with the statutes, laws and regulations as are applicable from time to time;
c) To ensure the governing body/ Board of Directors ("Board") of Company should be comprised of directors having a requisite qualifications, expertise, track records, match integrity criteria and are competent to discharge their responsibilities (individually and collectively);
d) To have effective system of internal controls monitoring and vigilance mechanism

BOARD DIVERSITY

Board diversity is vital to handle various factors such as expansion of business, rapid deployment of technology, greater social responsibility, ever rising emphasis on corporate governance, enhanced need for risk management, etc. so as to facilitate effective management of the business and to keep pace with changing dynamics of the business environment.

The Company believe that the diverse Board will enhance the quality of decision made by the Board by utilizing the different skills, qualification, experience, knowledge, etc. of the Board necessary for achieving sustainable and balance development.

BOARD OF DIRECTOR

(i) Composition

As on March 31, 2021, the Board of the Company consisted of six directors, of which one is executive director and 5 are non-executive directors including two independent directors.

Details of Directors as on March 31, 2021 are as below:

S. No.	Name	Designation
1	Ms. Nina Nagpal*	Managing Director
2	Mr. Rohit Ranjan	Director
3	Ms. Priti Goel	Director
4	Mr. Neeraj Kumar	Director
5	Mr. Deepak Ghaisas	Independent Director
6	Mr. Saurabh Shah	Independent Director

*Ms. Nina Nagpal was re-appointed as Managing Director w.e.f. June 01, 2021.

No Director is inter-se related to any other Director on the Board nor is related to the other Key Managerial Personnel of the Company.

(ii) Board Meetings

The meetings of the Board of Directors are generally held at the Company's corporate office in Mumbai but due to COVID-19 all the Board Meetings during the Financial Year 2020-21, were held through recorded Video Conferencing mode. Meetings are generally scheduled well in advance and the notice of each board meeting is given to the directors through e-mail.

The Company Secretary in consultation with Managing Director prepares a detailed agenda for the meetings. The Board members have access to all the relevant information of the Company. The Board papers, agenda and explanatory notes are circulated to the directors well in advance and are made available in a digital form. The members of the board are free to recommend inclusion of any matter in the agenda for discussion.

During the year under review, the Company had held 6 (Six) Board Meetings. The dates on which the Board Meetings held are as under:

June 05, 2020; June 29, 2020; September 29, 2020; November 03, 2020, February 04, 2021 and March 26, 2021.

Further, with the increase in COVID 19 cases in India, the Indian Government announced a complete nationwide lockdown for 21 days starting from 25th March 2020 which was further extended considering the situation. Further, Ministry of Corporate Affairs (MCA) also granted few relaxations of statutory compliances under the Companies Act, 2013 (CA 2013) to companies and the one is related to extension of interval between two Board Meetings. As per the Companies Act, 2013, a Company is required to hold a minimum of 4 Board meetings every year with a maximum time gap of 120 days between two consecutive Board Meetings. The MCA has extended this time gap of 120 days by 60 days thereby increasing the interval limit between two consecutive Board Meetings to a maximum of 180 days.

The Company had planned a Board Meeting in March 2020 which could not be held due to lockdown and the gap between two Board Meeting crossed over 120 days hence Company availed the abovementioned relaxation and held a Board Meeting on June 05, 2020. The Company is in compliance with the requirement of holding Board Meetings.

Attendance of each Director is as below:

Members	**No. of Board Meeting**		**Whether attended last AGM held on August 27, 2020**
	Held	Attended	
Ms. Nina Nagpal	6	6	Yes
Mr. Rohit Ranjan	6	6	-
Ms. Priti Goel	6	6*	-
Mr. Neeraj Kumar	6	5	-
Mr. Deepak Ghaisas (ID)	6	6	-
Mr. Saurabh Shah (ID)	6	6	-

** Priti Goel had attended 2 (Two) Board meeting through Audio hence her presence was not counted for the purpose of quorum.*

Meetings of Independent Directors

Schedule IV of the Companies Act, 2013 and the Rules thereunder mandate that the Independent Directors of the Company shall hold at least one meeting in a year, without the attendance of non-independent directors and members of the Management to:

(a) review the performance of non-independent directors and the Board as a whole;
(b) review the performance of the Chairperson of the Company, taking into account the views of executive directors and non- executive directors;

The Company's Independent Directors met once on November 03, 2020 to review the performance of non-independent directors, board as a whole and chairperson of the board meeting.

Meeting of Chief Risk Officer (CRO) with Board without the presence of Managing Director

Pursuant to RBI circular on Risk Management System – Appointment of Chief Risk Officer (CRO) for NBFCs DNBR (PD) CC. No.099/03.10.001/2018-19, Chief Risk Officer and Board met once on February 04, 2021 without the presence of Managing Director.

(iii) Details of Equity Shares of the Company held by the Directors as on March 31, 2021

S. No.	Name	Category	No of Equity Shares	Remark
1	Mr. Rohit Ranjan	Director	1	Citibank Overseas Investment Corporation jointly with Mr. Rohit Ranjan (non-beneficial interest)

FAMILIARISATION PROGRAMME OF THE INDEPENDENT DIRECTORS

The tenure of Mr. Deepak Ghaisas and Mr. Saurabh Shah, Independent Directors expired on January 27, 2020. They were re-appointed as Independent Directors for a further period of five consecutive years from January 28, 2020 to January 27, 2025. The Independent Directors have been familiarized with the Company, its operations, business, industry and environment in which it functions and the regulatory environment applicable to it along-with their roles, rights and responsibilities in the Company at the time of their appointment. The Company updates the Board Members on a continuing basis on any significant changes therein and provides them an insight to their expected roles and responsibilities so as to be in a position to take well-informed and timely decisions and contribute significantly to the Company.

Further, Independent Directors are provided with necessary documents, reports and internal policies to enable them to familiarize with the Company's procedures and practices time to time.

Further, periodic presentations are made at the Board and Committee meetings, on the business and performance updates of the Company, business strategy and risks involved.

The details of the familiarization program of the Independent Directors are available on the website of the Company at www.citicorpfinance.co.in.

COMMITTEE DETAILS

The Board of the Company functions either as a full Board or through various committees constituted to oversee specific operational areas. The Board has constituted various committees, namely, Nomination and Remuneration Committee, Audit Committee, Debenture Issuance and Allotment Committee, Asset-Liability Committee (ALCO), Risk Management Committee (RMC), Corporate Social Responsibility (CSR)Committee, Stakeholders relationship Committee and IT Strategy Committee. All decisions pertaining to the constitution of Committees, appointment of members and fixing of terms of service for Committee members are taken by the Board of Directors. Details on the role and composition of these Committees, including the number of meetings held during the financial year and the related attendance, are provided below:

(i) Audit Committee

The Committee's composition meets with the requirement of Section 177 of the Companies Act, 2013. The terms of reference of this Committee is very wide and are in line with the requirements mandated by the Act. The role of the Audit Committee is primarily related to provide oversight on the Company's financial reporting process, disclosure of financial information and appointment / re-appointment of the statutory auditors approve or any subsequent modification of transactions of the Company with related parties.

It includes ensuring compliance to the internal control systems and review of the financial statements which are presented to the Board for their consideration and to perform all the responsibilities/duties as mentioned in the Audit Committee Charter.

During the year under review, the Audit Committee met 5 (Five) times. Meetings of Audit Committee were held on June 29, 2020, September 29, 2020, November 03, 2020, February 03, 2021 and March 26, 2021.

The composition of the Audit Committee as on March 31, 2021 is as under:

a) Ms. Nina Nagpal, Managing Director
b) Mr. Deepak Ghaisas, Independent Director
c) Mr. Saurabh Shah, Independent Director

The details of members attendance are as under:

Members	No. of Meeting	
	Held	**Attended**
Ms. Nina Nagpal	5	5
Mr. Deepak Ghaisas	5	5
Mr. Saurabh Shah	5	5

(ii) Nomination and Remuneration Committee

The constitution of the Nomination and Remuneration Committee is in compliance with the provisions of section 178(1) of the Act the primary role of the committee is to ensure that the persons to be appointed as directors or on senior management position of the Company possess requisite qualifications, expertise, track record and integrity. The committee ascertains the "fit and proper" status of the existing as well as the proposed directors.

The committee will also recommend a policy relating to the remuneration of the directors, key managerial personnel and other employees.

Additionally, it ensures that self-declaration is obtained from every director (existing or proposed) in the prescribed format.

The composition of Nomination and Remuneration Committee as on March 31, 2021 are as under:

a) Mr. Rohit Ranjan, Director
b) Mr. Neeraj Kumar, Director
c) Mr. Deepak Ghaisas, Independent Director

d) Mr. Saurabh Shah, Independent Director

The Nomination and Remuneration Committee met once during the year, i.e. on September 29, 2020. The details of members' attendance are as under:

Members	No. of Meeting	
	Held	Attended
Mr. Rohit Ranjan	1	1
Mr. Neeraj Kumar	1	1
Mr. Deepak Ghaisas	1	1
Mr. Saurabh Shah	1	1

(iii) Debenture Issuance and Allotment Committee

The role of the committee is to allot the debentures and ensure that at the time of issuance of debentures, all requisite resolutions are passed and necessary documentation is maintained.

The composition of Debenture Issuance and Allotment Committee as on March 31, 2021 are as under:

a) Ms. Nina Nagpal, Managing Director
b) Mr. Rohit Ranjan, Director
c) Ms. Priti Goel, Director
d) Mr. Neeraj Kumar, Director
e) Mr. Ankit Goyal, Chief Financial Officer
f) Ms. Mithali Raghavan, Treasurer
g) Mr. Venkataraman Rajagopal, Head Operations

During the year under review, the members of committee met 3 (Three) times. The meetings were held on September 16, 2020, December 15, 2020 and March 10, 2021.

The details of members attendance is as under:

Members	No. of Meeting	
	Held	Attended
Ms. Nina Nagpal	3	3
Mr. Rohit Ranjan	3	0
Ms. Priti Goel	3	3
Mr. Neeraj Kumar	3	2
Ms. Manisha Inamdar*	3	1
Mr. Ankit Goyal*	3	2
Mr. Venkataraman Rajagopal**	3	3
Ms. Ranjini Sen***	3	2
Ms. Mithali Raghavan***	3	0

*Ms. Manisha Inamdar ceased to be a member of the Committee w.e.f. September 29, 2020 and Mr. Ankit Goyal was appointed as the member of the Committee w.e.f. September 30, 2020.

** Mr. Venkataraman Rajagopal was appointed as a member of the Committee w.e.f. June 01, 2020.

*** Ms. Ranjini Sen ceased to be a member of the Committee w.e.f January 15, 2020 and Mr. Ankit Goyal was appointed as Interim Treasurer w.e.f February 04, 2021. Further, w.e.f March 01, 2021 Mr. Ankit Goyal had resigned from the position of Interim Treasurer and Ms. Mithali Raghavan was appointed as Treasurer and member of the Committee.

(iv) Asset Liability Committee (ALCO)

The Committee reviews and monitors the risk associated with lending and borrowing, resultant gaps in the funding positions of the Company manage interest rate risk and determine the pricing criteria of various assets and liabilities of the Company and carries out functions and obligations prescribed by the Reserve Bank of India from time to time.

The composition of Asset Liability Management Committee as on March 31, 2021 is as under:

a) Ms. Nina Nagpal, Managing Director
b) Mr. Rohit Ranjan, Director
c) Ms. Priti Goel, Director
d) Mr. Neeraj Kumar, Director
e) Ms. Minal Gandhi, Corporate Banking
f) Mr. Swanand Sapre, Citi Commercial Banking
g) Mr. Sagar Sachdeva, Citi Private Banking
h) Mr. Ankit Goyal, Chief Financial Officer and Financial Controller
i) Mr. Sameer Upadhyay, Company Secretary
j) Ms. Mithali Raghavan, Treasurer*
k) Mr. Vaibhav Gupta, Chief Risk Officer
l) Mr. Param Sawlani, Compliance Officer
m) Mr. Venkataraman Rajagopal, Head – Operations
n) Mr. Utkarsh Shah, Asset Backed Financing
o) Mr. Ankit Arya, Personal Loans

Note:
***** Also looks after the investment and resource mobilization and planning function.

During the year under review, the members of committee met 12 (Twelve) times. The meetings were held on April 23, 2020; May 26, 2020; June 23, 2020; July 21, 2020; August 25, 2020; September 23, 2020; October 23, 2020; November 24, 2020; December 16, 2020; January 20, 2021; February 22, 2021 and March 24, 2021.

The details of members attendance is as under:

Members	**No. of Meeting**	
	Held	**Attended**
Ms. Nina Nagpal	12	12
Mr. Rohit Ranjan	12	0
Ms. Priti Goel	12	9
Mr. Neeraj Kumar	12	5
Ms. Minal Gandhi	12	9
Mr. Swanand Sapre	12	11
Mr. Sagar Sachdeva	12	11
Ms. Manisha Inamdar*	12	6

Mr. Sameer Upadhyay	12	6
Mr. Jeegar Shah*	12	4
Ms. Ranjini Sen***	12	9
Mr. Vinod Raghavan **	12	5
Mr. Vaibhav Gupta	12	12
Mr. Param Sawlani**	12	6
Mr. Ankit Goyal*	12	6
Ms. Mithali Raghavan***	12	1
Mr. Venkataraman Rajagopal****	12	7
Mr. Ankit Arya	12	7
Mr. Utkarsh Shah	12	11

* Ms. Manisha Inamdar ceased to be a member of the Committee w.e.f. September 29, 2020 and Mr. Ankit Goyal was appointed as the member of the Committee w.e.f. September 30, 2020. Ankit Goyal also took over from Jeegar Shah as Financial Controller w.e.f. October 01, 2020.

**Mr. Param Sawlani appointed as member of the Committee and from Mr. Vinod Raghavan ceased to be a member of the Committee w.e.f October 19, 2020.

*** Ms. Ranjini Sen ceased to be a member of the Committee w.e.f January 15, 2021 and Mr. Ankit Goyal was appointed as Interim Treasurer w.e.f February 04, 2021. Further, w.e.f March 01, 2021 Mr. Ankit Goyal had resigned from the position of Interim Treasurer and Ms. Mithali Raghavan was appointed as Treasurer and member of the Committee.

**** Mr. Venkataraman Rajagopal was appointed as a member of the Committee w.e.f. June 01, 2020.

(v) Stakeholder Relationship Committee

The role of the committee is to handle all grievances related Security holders including the grievances related to issue, allotment, transfer of securities, non-receipt of declared dividend / interest, non-receipt of balance sheet / investors communications etc. as required by regulations and other applicable provisions/ regulatory laws, if any.

During the year under review, the committee has not received any complaints /grievance from stakeholders, hence no meeting held during the year.

The composition of Stakeholder Relationship Committee as on March 31, 2021 is as under:

a) Ms. Nina Nagpal, Managing Director
b) Mr. Rohit Ranjan, Director
c) Mr. Neeraj Kumar, Director

(vi) Corporate Social Responsibility Committee (CSR)

The Company has duly constituted a CSR Committee in accordance with section 135 of the Companies Act, 2013 to assist the Board and the Company in fulfilling the corporate social responsibility objectives of the Company.

The role of the committee is as follow:

- To recommend to the Board, CSR project/programs to be undertaken by the Company

- To recommend to the Board, expenditure to be incurred for each CSR project/program
- To recommend to the Board, modifications/changes to the CSR Policy, as necessary
- To implement and monitor CSR activities and provide timely updates

The composition of Corporate Social Responsibility Committee (CSR) as on March 31, 2021 is as under:

a) Ms. Nina Nagpal, Managing Director
b) Mr. Neeraj Kumar, Director
c) Mr. Saurabh Shah, Independent Director

The CSR Committee met 3 (Three) times during the year, i.e. on September 29, 2020, February 04, 2021 and March 12, 2021.

The details of members attendance is as under:

Members	**No. of Meeting**	
	Held	**Attended**
Ms. Nina Nagpal	3	3
Mr. Neeraj Kumar	3	3
Mr. Saurabh Shah	3	3

(vii) Risk Management Committee (RMC)

Pursuant to the NBFC Regulations, the Company has constituted a Risk Management Committee consisting of composition as specified therein.

The role of the Committee is to identify, evaluate and discuss any risks that the company may face. The Committee will also address remediation, either directly or through an appropriate forum and/or responsible individuals and teams within the Company. In addition to the range of agenda currently included for review and remediation, the Committee will also include a review of the ageing exceptions to bank account reconciliations and related items. The composition of Risk Management Committee as on March 31, 2021 is as under:

a) Ms. Nina Nagpal, Managing Director
b) Ms. Priti Goel, Director
c) Mr. Neeraj Kumar, Managing Director
d) Mr. Vaibhav Gupta, Chief Risk Officer
e) Mr. Ankit Goyal, Chief Financial Officer
f) Mr. Param Sawlani, Chief Compliance Officer
g) Ms. Mithali Raghavan, Treasurer
h) Ms. Amita Tomar, Human Resource
i) Mr. Sameer Khadilkar, AML compliance officer
j) Mr. Sagar Sachdeva, Margin & Securities Backed Finance – Business Sponsor
k) Ms. Minal Gandhi, Corporate lending Lead
l) Mr. Swanand Sapre, Commercial Lending Lead
m) Mr. Manzoor Ahmed, Retail Business Head
n) Mr. Anurag Jain, CFIL Principal Nodal Officer
o) Mr. Deepak Singh, Legal
p) Mr. Ashutosh Pandey, Internal Auditor
q) Representative of Risk Management team

During the year under review, the committee met 4 (Four) times. The meetings were held on May 06, 2020; August 05, 2020; November 23, 2020 and February 10, 2021.

	No. of Meeting	
Members	**Held**	**Attended**
Ms. Nina Nagpal	4	4
Ms. Priti Goel	4	4
Mr. Neeraj Kumar	4	2
Ms. Manisha Inamdar*	4	2
Mr. Jeegar Shah*	4	2
Mr. Vinod Raghavan***	4	2
Mr. Vaibhav Gupta	4	4
Mr. Sagar Sachdeva	4	4
Ms. Minal Gandhi	4	4
Mr. Swanand Sapre	4	4
Mr. Ankit Arya	4	4
Mr. Smit Parikh	4	1
Mr. Anurag Jain	4	3
Mr. Deepak Singh	4	4
Ms. Ranjini Sen**	4	2
Mr. Manzoor Ahmed	4	4
Mr. Samir Gala*****	4	1
Mr. Ankit Goyal*	4	2
Ms. Mithali Raghavan**	4	1
Mr. Ashutosh Pandey *****	4	2
Mr. Param Sawlani ***	4	2
Mr. Venkataraman Rajagopal****	4	1
Mr. Sameer Khadilkar	4	4

*Ms. Manisha Inamdar ceased to be a member of the Committee w.e.f. September 29, 2020 and Mr. Ankit Goyal was appointed as the member of the Committee w.e.f. September 30, 2020. Ankit Goyal also took over from Jeegar Shah as Financial Controller w.e.f October 01, 2020.

** Ms. Ranjini Sen ceased to be a member of the Committee w.e.f January 15, 2021 and Mr. Ankit Goyal was appointed as Interim Treasurer w.e.f February 04, 2021. Further, w.e.f March 01, 2021 Mr. Ankit Goyal had resigned from the position of Interim Treasurer and Ms. Mithali Raghavan was appointed as Treasurer and member of the Committee.

***Mr. Param Sawlani appointed as member of the Committee and from Mr. Vinod Raghavan ceased to be a member of the Committee w.e.f October 19, 2020.

**** Mr. Venkataraman Rajagopal was appointed as a member of the Committee w.e.f. June 01, 2020.

***** Mr. Samir Gala ceased to Member of the Committee and Mr. Ashutosh Pandey was appointed as member of the Committee w.e.f September 01, 2020.

(viii) IT Strategy Committee

Pursuant to the RBI Regulations, the Company has constituted IT Strategy Committee w.e.f. June 29, 2018 consisting of following members.

The role of the committee is to approve IT strategy and policy documents and to ensure that the management has put an effective strategic planning process in place and to ascertain that management has implemented processes and practices that ensure that the IT delivers value to the business.

The composition of IT Strategy Committee as on March 31, 2021 is as under:

a) Mr. Deepak Ghaisas - Independent Director
b) Nina Nagpal, Managing Director
c) Mr. Sukumar Pawaskar - CTI Head
d) Mr. Joshua Marbaniang - COB team Head
e) Ms. Saloni Verna- Chief Information Security Officer (CISO)
f) Mr. Rajeev Soni – Chief Information Officer

During the year under review, the committee met 2 (two) times on July 16, 2020 and December 08, 2020.

Members	**No. of Meeting**	
	Held	**Attended**
Mr. Deepak Ghaisas	2	2
Ms. Nina Nagpal	2	2
Mr. Sukumar Pawaskar*	2	2
Mr. Joshua Marbaniang*	2	2
Mr. Rajeev Soni	2	2
Mr. Saloni Dixit*	2	1

*Mr Sukumar Pawaskar, Ms. Saloni Dixit and Joshua Marbaniang were appointed as the members of the Committee w.e.f June 02, 2020.

GENERAL BODY MEETINGS

(i) Annual General Meeting

During the year under review, 1 (One) Annual General Meeting was held on August 27, 2020.

(ii) Extraordinary General Meeting

There was no Extraordinary General Meetings held during the year under review.

PERFORMANCE EVALUATION

Pursuant Section 178 (2) of the Companies Act, 2013 and Securities and Exchange Board of India the Nomination and Remuneration Committee and Board has devised a criteria for evaluation of the performance of the Director including the Independent Director/Chairperson/Board as a Whole. The said criteria provides certain parameters like attendance, acquaintance with business, communication inter se between Board Members, effective participation, domain knowledge etc. The performance evaluation was carried out by seeking inputs from all the Directors.

After evaluation it has been concluded that the Board of Directors / Chairperson / Committees / Board as a whole are constituted with knowledgeable and committed professionals of utmost integrity. The Board as whole and directors of the Company are working as a team and are contributing significantly towards the achievement of the objectives of the Company. The Chairpersons of the Company is creative thinker and good administrator who give the necessary importance to encourage governance and take the initiative for fulfilling the objectives of the Company. The Chairpersons is team builders, understand various aspects of the Company at a good level of detail and persuade all the directors at the Board meetings to contribute in the meeting so as to understand the joint determination of the Board.

PREVENTION, PROHIBITION AND REDRESSAL OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE

The Company is committed to provide a positive work environment free of discrimination and harassment. The Company's goal has always been to create an open and safe workplace for employee's to feel empowered. In view of the same, the Policy on Prevention, Prohibition and Redressal of Sexual Harassment of Women at Work Place ("Policy") is made under the overall ambit of the Citi Code of Conduct and is in accordance with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 ("Act"). The Policy defines the scope of Sexual Harassment towards women at workplace and articulates the approach of raising issues and the redressal mechanism in the event of occurrence of sexual harassment towards women being reported.

Under the said policy (also covering the requirement of the POSH Act), the Company has an Internal Committee (IC).

Details of sexual harassment complaints/cases during the period under review:
No. of complaints/cases received: Nil
No. of complaints/cases disposed of: Nil

FRAUD

No fraud incidents identified or reported during the Financial Year 2021-22, as compared to last Financial Year 2019-20 wherein 17 incidents of customer related frauds were identified/reported amounting to Rs. 308.78 lakhs.

All the Quarterly Reporting on Frauds Outstanding and Progress Report on Frauds of Rs. 1.00 lakh & above have been reported on a quarterly basis vide reports FMR2 and FMR3 on time.

Further, total recovery of Rs. 26.25 lakhs received during Financial Year 2020-21 on the frauds reported in the previous Financial Year 2019-20.

Total Fraud amount involved for all the open fraud cases as on March 31, 2021 is Rs 325.23 lakhs, however loss to the Company stands at Rs 238.24 lakhs.

CORPORATE SOCIAL RESPONSIBILTY (CSR) POLICY

Pursuant to the provisions of Section 135 and Schedule VII of the Companies Act, 2013, the Company has constituted a CSR Committee who is responsible to oversee the CSR projects/programs to be undertaken by the Company, the expenditure to be incurred for each CSR project/program, to implement and monitor CSR activities, provide timely updates and to do all the acts and things as mentioned in the CSR Policy of the Company.

A detailed CSR policy has also been framed by the Company with the approval of the CSR Committee and the Board of Directors. The policy, inter alia, covers the following:

a) Scope;
b) Members of the Committee;
c) CSR Programmatic Areas;
d) Monitoring and Reporting;

CSR policy also gives an overview of the projects or programs which are proposed to be undertaken by the Company in the coming years.

The CSR Policy has been uploaded on the website of the Company at www.citicorpfinance.co.in.

The mandatory disclosures as required under the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021are enclosed herewith as Annexure IV.

LISTING

The Company has issued Non-Convertible Debentures (NCDs) which are listed on The National Stock Exchange of India Limited (NSE). During the year under review, there is no default in repayment of debenture holders.

The Company has paid the Annual Listing Fees for the year 2020-21 to NSE where the Company's debentures are listed.

INVESTOR EDUCATION AND PROTECTION FUND

During the year under review, no amount due which is required to transfer in Investor Education and Protection Fund.

REDEMPTION OF DEBENTURES

During the year under review, Debentures amounting to Rs. 4592.28 Crores have been redeemed/ paid (Previous Year Rs. 4,614.95 Crores).

DEBENTURE TRUSTEE

The IDBI Trusteeship Services Limited continues to be a Debenture Trustee of the Company for the year under review. The Contact details are as below:

IDBI Trusteeship Services Limited
Asian Building, Ground Floor
17, R. Kamani Marg, Ballard Estate
Mumbai - 400 001
Contact No: 022 4080 7080

CREDIT RATING

The Company has obtained/ revalidated external ratings from reputed agencies (ICRA) and CRISIL. The Company's financial discipline, highest safety and prudence are reflected in the strong credit ratings ascribed by rating agencies as given below:

ICRA Rating

(i) Name of the Rating Agency	**ICRA**
(ii) Rating of products	
(a) Market Linked Debentures	PP MLD [ICRA] AAA with stable outlook
(b) Non- Convertible Debentures	[ICRA] AAA with stable outlook
(c) Commercial Papers	[ICRA] A1+
(d) Inter Corporate Deposits	ICRA] A1+
(e) Bank Facilities	[ICRA] AAA with stable outlook

CRISIL Rating

(i) Name of the Rating Agency	**CRISIL**
(ii) Rating of products	
(a) Non-Convertible Debentures	CRISIL AAA/Stable
(b) Commercial Papers	[CRISIL] A1+
(c) Short Term Debt	[CRISIL] A1+
(d) Short Term Deposit	[CRISIL] A1+
(e) Bank Facilities	Long Term: AAA with stable outlook Short Term: [CRISIL] A1+

PARTICULARS OF EMPLOYEES, DIRECTORS AND RELATED DISCLOSURES

The Company has 270 employees as of March 31, 2021.

The percentage of increase in remuneration, ratio of remuneration of each director and key managerial personnel (KMP) (as required under the Companies Act, 2013) to the median of employees' remuneration, and the list of top 10 employees in terms of remuneration drawn, as required under Section 197(12) of the Companies Act, 2013, read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is form part of Annexure V to this Board's report.

In terms of first proviso to Section 136 of the Act, the Report and Accounts are being sent to the members and others entitled thereto, excluding the information on employees' particulars as required pursuant to Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. The said information is available for inspection by the members at the registered office of the Company during business hours on working days of the Company up to the date of the ensuing annual general meeting. If any member is interested in obtaining a copy thereof, such member may write to the Company Secretary in this regard.

DISCLOSURES PERTAINING TO CONSOLIDATED FINANCIAL STATEMENTS

In accordance with the Companies Act, 2013 (the "Act") and Accounting Standard (INDAS-110) on Consolidated Financial Statements, the audited consolidated financial statement is provided in the Annual Report. A statement containing the salient features of the financial statements of the associate company are enclosed herewith form AOC-1 as **Annexure-VI**.

APPOINTMENT OF RELATIVES OF DIRECTORS TO AN OFFICE OR PLACE OF PROFIT

None of the relatives of any director has been appointed to an office or place of profit of the Company as per available records.

TRAINING AND DEVELOPMENT

Keeping in mind the safety of the employees and the remote working scenario, the Company pivoted away from Physical Classroom programs to Virtual Instructor-Led programs, in addition to the range of self-paced learning programs available already. The Company provides various training and skill development related opportunities to its employees to continuously upgrade their knowledge, skills & professional competence, besides ensuring compliance of various local laws and regulations. During the year under review, below mentioned training were imparted covering Man hours and Man days respectively.

Competency	**Sum of Activity Man Hours**	**Sum of Activity Man Days**
Functional	598	75
Functional Skills	81	10
Leadership	430	54
Mandatory	3062	383
New Hire	13	1
Professional Development	96	12
Degreed	161	20
Grand Total	**4441**	**555**

SECRETARIAL STANDARD

The Company complies with all applicable mandatory secretarial standard issued by the Institute of Company Secretary of India.

DIRECTORS'S RESPONSIBILITY STATEMENT

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

(a) in the preparation of the annual accounts, the applicable accounting standards had been followed and there is no material departure;
(b) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;
(c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
(d) they have prepared the annual accounts on a going concern basis; and
(e) they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively;
(f) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

ACKNOWLEDGEMENT

The Directors place on record their gratitude for the valuable guidance and support received from Reserve Bank of India, Securities and Exchange Board of India, Registrar of Companies and other regulatory bodies. The Directors look forward to their continued support in the future as well.

The Directors would like to place on record their gratitude to clients, vendors, investors, bankers and trustees for their continued support during the year.

The Directors place on record their appreciation for the contribution made by our employees at all levels. Our consistent growth was made possible by hard work, solidarity, cooperation and support of the employees.

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

For Citicorp Finance (India) Limited

	Sd/-	**Sd/-**
Date: June 25, 2021	**Nina Nagpal**	**Rohit Ranjan**
Place: Mumbai	**Managing Director**	**Director**
	DIN- 00138918	**DIN - 00003480**

ANNEXURE INDEX

Annexure	Content
i	Related Party Transaction
ii	Secretarial Audit Report
iii	Annual declaration from Independent Directors
iv	Annual Report on Corporate Social Responsibility
v	Disclosure related to employees and Ratio of remuneration to each Director
vi	AOC – 1

Annexure - I

Details of Related Party Transactions with Key Managerial Personnel (KMP) / Directors and relatives of KMP / Directors

Key management personnel (KMP)

Details of KMP as on March 31, 2021

a) Nina Nagpal - (Identified as related party w.e.f. June 01, 2018)
b) Sameer Upadhyay - (Identified as related party w.e.f. November 07, 2015)
c) Ankit Goyal- (Identified as related party w.e.f. September 29, 2020)

Relatives of Directors and KMP

Nina Nagpal- Dharmakirti Joshi, Ishwar Chandra Nagpal, Savitri Nagpal, Ira Joshi, Rajiv Nagpal, Dr. Rita Nagpal, Dr. Nita N Kumar

Rohit Ranjan- Anuradha Negi Ranjan, Pramode Ranjan, Rama Ranjan, Mrinalini Ranjan, Annika Ranjan, Ritu Raju, Ritika Sinha

Priti Goel- Jai Bhagwan Goel, Nidhi Goel, Niti Goel, Naval Goel

Neeraj Kumar - Sushma Kumar, Harish Chander Arora, Raj Arora, Aastha Arora, Asmi Arora, Seema Kumar, Ritu Kumar and Sanjay Arora

Saurabh Shah- Bijal Shah, Surendra J Shah, Sulasa S Shah, Amay Shah, Samir S Shah, Sujal S Shah

Deepak Ghaisas- Sadhana Ghaisas, Omkar Ghaisas, Harish Ghaisas, Vandana Gadre

Sameer Upadhyay- Jalpa S. Upadhyay, Lt. Vishnuprasad B. Upadhyay, Hansaben V. Upadhyay, Master Dharmic S. Upadhyay, Dipesh V. Upadhyay, Komal K. Bhatt

Ankit Goyal- Parul Goyal, Shyam Sunder Goyal, Asha Goyal, Prehaan Goyal, Samta Mehta

Please note that during the year under review no transaction was held with any director or to any other person or entity in whom the director is interested.

FORM NO. AOC -2

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

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

1. Details of contracts or arrangements or transactions not at Arm's length basis.

SL. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	NA
b)	Nature of contracts/arrangements/transaction	NA
c)	Duration of the contracts/arrangements/transaction	NA
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	All Transaction are at Arm's Length basis
e)	Justification for entering into such contracts or arrangements or transactions'	NA
f)	Date of approval by the Board	NA
g)	Amount paid as advances, if any	NA
h)	Date on which the special resolution was passed in General meeting as required under first proviso to section 188	NA

2. Details of contracts or arrangements or transactions at Arm's length basis.

SL. No.	Particulars	Details	Nature of Relationship
a)	**Name (s) of the related party & nature of relationship**	Associates Financial Services (Mauritius) LLC Citibank Overseas Investment Corporation Citibank NA-India branch. Citibank NA -Singapore branch Citibank NA, Manila Branch Citibank NA, United Kingdom Branch Citibank NA, Hong Kong Branch Citibank NA, US Citigroup Global Markets Asia Limited Citigroup Global Markets India Private Limited Citicorp Services India Private Limited Citigroup Global Markets Hong Kong Ltd Citigroup Global Markets Singapore PTE Limited Citibank (China) Co Ltd Citicorp Investment Bank (Singapore) Ltd Citigroup Global Markets Deutschland AG Citibank Japan Ltd	Holding Holding Holding Holding Holding Holding Holding Holding Fellow Subsidiary Fellow Subsidiary Fellow Subsidiary Fellow Subsidiary Fellow Subsidiary Fellow Subsidiary Fellow Subsidiary Fellow Subsidiary Fellow Subsidiary Fellow Subsidiary Fellow Subsidiary Fellow Subsidiary Fellow Subsidiary

		Citi Europe PLC Hungary Citi Europe PLC Poland Citi Korea INC Citi Europe PLC France Citi Europe PLC Sweden Citi Europe PLC Belgium Citi Europe PLC Germany Citigroup Global Markets Limited Citi Investment Advisory Services Private Limited Citigroup Technology Infrastructure (Hong Kong) Limited India Infradebt Limited	Fellow Subsidiary Fellow Subsidiary Fellow Subsidiary Fellow Subsidiary Fellow Subsidiary Fellow Subsidiary Associate
b)	**Nature of contracts/arrangements/transaction**	**Related Party Transaction** **1. Citibank NA India :** Sourcing and collection fees received Bank charges paid Transfer pricing fees paid Secondment fees and cost of time spent by N.A. executives for providing management paid Loan sourcing fees paid Fees paid for technology services Secondment fees received for Asset backe business Sale of Asset backed Finance portfolio Purchase of Personal Loan portfolio Purchase of Trade Finance Loan portfolio Rent paid for various premises across India Rentals received on assets given on lease Fees paid for collection services Fixed deposits placed Fixed deposits matured Interest received on Fixed deposits placed Distribution fees paid for placement of debe inter corporate borrowings Loan taken Loan repaid Interest paid on loans taken **2. Citibank NA, US** Technology infrastructure charges paid	

		Transfer pricing fees **3. Citibank NA-Singapore branch** Technology infrastructure charges paid Fees paid for HR Related Services **4.Citigroup Global Markets India Pvt Ltd** Transfer pricing fees Brokerage paid **5. Citicorp Services India Pvt. Ltd.** Fees paid towards payroll processing and related services Rent paid for various premises Secondment fees paid Fees paid for technology support services Fees paid for operations Fees paid for compliance services Fees paid for vendor processing services Inter Corporate Borrowings taken Inter Corporate Borrowings repaid Interest Expense on ICD Borrowing **6. Citibank NA, Manila Branch** Fees paid for technology support services Fees paid for HR Related Services Fees paid for vendor payment processing Training expenses **7.Citibank NA, United Kingdom Branch** Transfer pricing fees **8.Citigroup Global Markets Hong Kong Ltd** Transfer pricing fees **9. CGM Singapore PTE Limited** Transfer pricing fees **10.Citibank China Ltd Co**	

		Transfer pricing fees **11. Citibank NA, Hong Kong Branch** Transfer pricing fees **12.Citicorp Investment Bank (Singapore) Ltd** Transfer pricing fees **13.CGM Deutschland AG** Transfer pricing fees **14.Citibank Japan Ltd** Transfer pricing fees **15.Citi Korea INC** Transfer pricing fees **16. Citi Europe PLC France** Transfer pricing fees **17.Citi Europe PLC Sweden** Transfer pricing fees **18.Citi Europe PLC Belgium** Transfer pricing fees **19.Citi Europe PLC Germany** Transfer pricing fees **20.Citigroup Global Markets Limited** Transfer pricing fees **21. Citigroup Global Markets Asia Limited** Transfer pricing fees **22. India Infradebt Limited** **Dividend received**	

		23. Associates Financial Services (Mauritius) LLC **Dividend paid** **24. Citibank Overseas Investment Corporation** **Dividend paid** **25. Citigroup Technology Infrastructure (Hong Kong) Limited** **Technology infrastructure charges paid** **26. Citicorp Investment and Advisory Services Private limited** **Secondment fees paid**	
c)	**Duration of the contracts/arrangements/transaction**	**FY 2020-21**	
d)	**Salient terms of the contracts or arrangements or transaction including the value, if any**	**All terms and conditions are as per transfer pricing regulations**	
e)	**Date of approval by the Board**	**June 25, 2021**	
f)	**Amount paid as advances, if any**	**-**	

For Citicorp Finance (India) Limited

Sd/-
Nina Nagpal
Managing Director
DIN- 00138918

Sd/-
Rohit Ranjan
Director
DIN-00003480

Date: June 25, 2021
Place: Mumbai

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED **31st MARCH, 2021**

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

To,
The Members,

Citicorp Finance (India) Limited

Mumbai

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Citicorp Finance (India) 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.

Due to COVID-19 Pandemic and lockdown situation, we did not have access to the physical copies of books, papers, minute books, forms and returns filed and other records maintained by the Company. Hence our Audit is based on the soft copy of the documents which includes unsigned minutes of Board Meeting, General Meeting and other Committee Meeting which were circulated to the Directors within the time as prescribed under the Companies Act, and the comments received from the directors, if any, were duly noted and incorporated in the minutes. The confirmations on the Statutory Declarations were also received over the email. Further, the statutory registers are maintained in a soft copy and were made available for the purpose of audit. Also our audit is based on the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, the explanations and clarifications given to us and the representations made by the Management and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on **31st March 2021** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have online examined books, papers, minute books, forms and returns filed and other records maintained by **Citicorp Finance (India) Limited** ("the Company") for the financial year ended on 31st March, 2021 according to the provisions of:

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

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder (**not applicable to the Company during the audit period**);

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder (**not applicable to the company during the audit period**);

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

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

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

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 (**not applicable to the company during the audit period**);

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

(d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (**not applicable to the company during the audit period**);

(e) The Securities and Exchange Board of India (Listing Obligation and Disclosures Requirement) Regulations, 2015;

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client (**not applicable to the company during the audit period**);

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

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; (**not applicable to the company during the audit period)**

(vi) IRDA Regulations applicable to Corporate Agents. (**not applicable to the company during the audit period)**

(vii) RBI Act, 1934 read with all notifications and circulars issued by the Reserve Bank of India for Non-Banking Finance Companies.

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

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

(ii) The Listing Agreements entered into by the Company with National Stock Exchange(s), for listing of Non Convertible Debentures;

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

However,

1. *The Company is not able to file e-form CHG 9 with MCA in respect of duly registered and executed Third Supplement Deed entered on November 11, 2017 (Third Supplement Deed to The Debenture Trust Deed Cum Deed of Mortgage dated March 17, 2015) with IDBI Trusteeship Services Limited as the form is giving error that '**Please enter a date greater or equal to the date of charge creation of the last modification for the Charge id'** as the company had already filed e-form CHG 9 of later date for its subsequent Monthly Modification of moveable assets **(as required under the trust deed)** As resolution to the matter will have to be provided by MCA, the Company is following up on the matter with the MCA / ROC for the resolution of the same but it is not resolved as on date*

2. *The Company has not uploaded the Nomination and Remuneration policy as formulated u/s 178 of the Companies Act, 2013 on the website of the Company.*

3. *The Company has not uploaded the projects details approved by the Board on the website of the company as required under Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021*

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There were no changes in the composition of the Board of Directors during the period under review.

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

Majority decision is carried through unanimously.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines (as mentioned above and listed in **Annexure I**).

We further report that during the audit period the company has:

1. Issued Non- Convertible Debentures under Private Placement in Series and complied with the applicable provisions of the Companies Act, 2013, Rule 14 of Chapter III, Chapter V and Chapter VI of SEBI (Listing Obligation and Disclosures Requirement) 2015, its amendments and Notifications issued by RBI.

Place: Mumbai
Date: 25/06/2021

Sd/-
Zainab H Poonawala

FCS No.:7916

C P No.: 8874

UDIN: F007916C000509945

Annexure I: Laws And Act applicable to the Company

1. Employees' Provident Fund Act,1952 and Rules
2. Professional Tax Act,1975 and Rules
3. Payment of Gratuity Act, 1972
4. Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959
5. Equal Remuneration Act, 1976
6. Minimum Wages Act, 1948
7. The Payment of Bonus Act, 1965
8. Shop and Establishment Act, 1948
9. The Maternity Benefit Act, 1961
10. Contract Labour Act, 1970
11. The Industrial Disputes Act, 1947
12. Sexual Harassment of women at workplace (Prevention, Prohibition and Redressal) Act, 2013
13. Income Tax Act, 1961
14. Finance Act, 1994

ANNEXURE TO SECRETARIAL AUDIT REPORT ISSUED BY COMPANY SECRETARY IN PRACTICE

To,
The Members,

Citicorp Finance (India) Limited

Mumbai

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

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

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

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

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

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

Date: 25/06/2021

Place: Mumbai

Signature: Sd/-

Zainab H Poonawala

Practising Company Secretary

Membership No. 7916

Certificate of Practice No. 8874

UDIN: F007916C000509945

<u>**Annexure III**</u>

<u>**Declaration under Section 149(6) of the Companies Act, 2013**</u>

To
The Board of Directors
Citicorp Finance (India) Limited
8th Floor, First International Financial Centre,
C-54 & C-55 G Block, Bandra Kurla Complex
Bandra (E), Mumbai-400098
Maharashtra, India

Dear Sir(s)

I <u>**Deepak Keshav Ghaisas**</u>, holding DIN <u>00001811</u> being an Independent Director of Citicorp Finance (India) Limited ("***CFIL***"), hereby confirm that:-

a. I meet the criteria of independence as provided under Section 149(6) of the Companies Act, 2013;
b. I do not hold designation of managing director or a whole – time director or a nominee director in CFIL or its holding, subsidiary or associate Company;
c. I possess relevant expertise and experience as required for the designation;
d. I possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, administration, research and corporate governance related to the Company's business;
e. I am not the nominee of any financial institution or of the government or any of any other person, to represent their interest on the Board;
f. I am or was not promoter of the Company or its holding, subsidiary or associate and also not related to the promoters or directors in the Company, its holding, subsidiary or associate company;
g. I do not have or have had any pecuniary relationship with the Company, its holding, subsidiary or associate Company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year;
h. None of my relative has or had pecuniary relationship or transaction with the Company, its holding, subsidiary or associate Company, or their promoters, or directors, amounting to 2% or more of its gross turnover or total income or fifty lakh rupees or such higher amount

as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year;

i. Neither I nor any of my relative holds or has held the position of key managerial personnel or is or has been employee of the Company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the current financial year;

j. Neither I or any of my relative is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the current financial year:

   1. In a firm of auditors or Company secretaries in practice or cost auditors of the Company or its holding, subsidiary or associate Company;
   2. In a legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to ten per cent. or more of the gross turnover of such firm;

k. I or any of my relative do not hold together with my relatives 2% or more of the total voting power of the company;

l. I or any of my relative is not a material supplier, service provider or customer or a lessor or lessee of the company;

m. Neither I or nor any of my relatives is a Chief Executive or director, by whatever name called, of any nonprofit organization that receives twenty-five percent or more of its receipts from the company, any of its promoters, directors or its holding, subsidiary or associate company or that hold two percent or more of the total voting power of the company;

n. I am not disqualified to act as an Independent Director under any provision of Companies Act, 2013 and rules made there under, or any other law for the time being in force in India.

Place: Mumbai
Dated: April 29, 2021

Sd/-
Deepak Ghaisas
DIN - 00001811

Declaration under Section 149(6) of the Companies Act, 2013

To
The Board of Directors
Citicorp Finance (India) Limited
8th Floor, First International Financial Centre,
C-54 & C-55 G Block, Bandra Kurla Complex
Bandra (E), Mumbai-400098
Maharashtra, India

Dear Sir(s)

I, **Saurabh Surendra Shah**, holding **DIN 02094645** being an Independent Director of Citicorp Finance (India) Limited ("***CFIL***"), hereby confirm that:-

o. I meet the criteria of independence as provided under Section 149(6) of the Companies Act, 2013;

p. I do not hold designation of managing director or a whole – time director or a nominee director in CFIL or its holding, subsidiary or associate company;

q. I possess relevant expertise and experience as required for the designation;

r. I possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, administration, research and corporate governance related to the Company's business;

s. I am not the nominee of any financial institution or of the government or any of any other person, to represent their interest on the Board;

t. I am or was not promoter of the company or its holding, subsidiary or associate and also not related to the promoters or directors in the company, its holding, subsidiary or associate company;

u. I do not have or have had any pecuniary relationship with the company, its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year;

v. None of my relative has or had pecuniary relationship or transaction with the company, its holding, subsidiary or associate company, or their promoters, or directors, amounting to 2% or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year;

w. Neither I nor any of my relative holds or has held the position of a key managerial personnel or is or has been employee of the company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the current financial year;

x. Neither I or any of my relative is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the current financial year:

   3. In a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company;

   4. In a legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to ten per cent. or more of the gross turnover of such firm;

y. I or any of my relative do not hold together with my relatives 2% or more of the total voting power of the company;

z. I or any of my relative is not a material supplier, service provider or customer or a lessor or lessee of the company;

aa. Neither I or nor any of my relatives is a Chief Executive or director, by whatever name called, of any non-profit organization that receives twenty-five percent or more of its receipts from the company, any of its promoters, directors or its holding, subsidiary or associate company or that hold two percent or more of the total voting power of the company;

bb. I am not disqualified to act as an Independent Director under any provision of Companies Act, 2013 and rules made there under, or any other law for the time being in force in India.

Place: Mumbai
Dated: April 29, 2021

Sd/-
Saurabh Shah
DIN -02094645

Annexure IV

Annual Report on Corporate Social Responsibility

1. Brief outline on CSR Policy of the Company.

The Ministry of Corporate Affairs has formalized certain obligations of the Indian Corporate Sector in the area of Corporate Social Responsibility ("CSR") in the Companies Act, 2013. Various explanatory notifications have also since been issued operationalizing various aspects of the legislation.

Citicorp Finance (India) Limited has developed this Corporate Social Responsibility Policy in compliance with the provision of Section 135 of the Act and the Companies (Corporate Social Responsibility Policy) Rules, 2014.

CSR is strongly connected with the principles of Sustainability; an organization should make decisions based not only on financial factors, but also on the social and environmental impact of such actions. Therefore, it is the core corporate responsibility of "the company" to practice its corporate values through its commitment to grow in a socially and environmentally responsible way, while meeting the interests of its stakeholders

2. Composition of CSR Committee:

Sl. No.	Name of director	Designation/Nature of directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Ms. Nina Nagpal	Managing Director	3	3
2	Mr. Neeraj Kumar	Director	3	3
3	Mr. Saurabh Shah	Independent Director	3	3

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:- www.citicorpfinance.co.in

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:- Not applicable

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)
Not applicable			
	TOTAL		

6. Average net profit of the company as per section 135(5):- Rs. 2,112,563,766/-

(b) (a) Two percent of average net profit of the company as per section 135(5): Rs. 4,22,51,275/-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: NIL
(d) Total CSR obligation for the financial year (7a+7b7c): Rs. 4,22,51,275

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

Total amount spent for the FY	**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 provision to Section 135 (5)**		
	Amount	**Date of transfer**	**Name of the fund**	**Amount**	**Date of transfer**
INR 4,22,51,275 obligation of which we spent INR 4,25,36,081	N.A.	N.A.	-	-	-

(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 project**	**Item from the list of**	**Local area**	**Location of project**	**Pro ject dur**	**Amou nt alloca**	**Amou nt spent**	**Amount transfer red to**	**M od e**	**Mode of implemen tation**

		activities in Schedule VII of the Act	(Yes/No)			ation	ted for the project (In Rs)	in the current FY (In Rs)	unspent CSR account for the project as per Section 135 (6) (In Rs)	of implementation Direct (yes/no)	through implementing agency	
				State	District						Name	CSR Registration No
1	**Pathways to Progress**											
1.1	Training 10,000 youth from low-income backgrounds	(ii) Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhance	Yes	Maharashtra	Palghar, Nagpur, Nasik, Nandurbar, Bhandara, Chandrapur, Dhule, Gadhchiroli, Gondia, and Jalgaon	18 months (March 15, 2021 – September 30, 2022)	3,24,42,000	3,24,42,000	NIL	No	Careworks Foundation	CSR00001744

		ment projects										
2	**Giving at Citi**											
2.1	Midday meals to children attending Government schools (matching grant)	(i) of Schedule VII of the Companies Act 2013, under Promotion of healthcare.	Yes	Maharashtra	Thane	12 months (February 1, 2020 – January 31, 2021)	21,980	21,980	NIL	No	The Akshaya Patra Foundation	CSR00000286
2.2	Therapy sessions for differently abled young adults at ADAPT's Mumbai centres (matching grant)	(i) of Schedule VII of the Companies Act 2013, under Promotion of healthcare.	Yes	Maharashtra	Mumbai	12 months (February 1, 2020 – January 31, 2021)	6,000	6,000	NIL	No	Able Disable All People Together (ADAPT)	CSR00001228
2.3	Towards supporting medical checkup and treatments of elderly in Mumbai by supporting two Mobile Healthcar	(i) of Schedule VII of the Companies Act 2013, under Promotion of healthcare.	Yes	Maharashtra	Mumbai	12 months (February 1, 2020 – January 31, 2021)	5,000	5,000	NIL	No	HelpAge India	CSR00000901

	e Units (MHU's) as well as creating awareness to increase engagement across a wider audience on mutually acceptable platforms (matching grant)											
2.4	Project to support wishes of children (sufferings from cancer) at St Jude India ChildCare Centres. (matching grant)	(i) of Schedule VII of the Companies Act 2013, under Promotion of healthcare	-	Maharashtra, Tamil Nadu, Delhi, Telangana and Rajasthan	Mumbai, Chennai, Delhi, Kolkata, Hyderabad, Vellore, and Jaipur	12 months (February 1, 2020 – January 31, 2021)	9,600	9,600	NIL	No	Make a Wish Foundation India	CSR00004619
2.5	Supporting nutritional and developmental needs of the children in Chennai	(i) of Schedule VII of the Companies Act 2013, under Promotion of healthcare.	No	Tamil Nadu	Chennai	12 months (February 1, 2020 – January 31,	5,600	5,600	NIL	No	SOS Children's Villages of India	CSR00000692

	(matching grant)					2021)					
2.6	Towards healthy meals and nutritional supplements for children battling cancer in Mumbai and Hyderabad and operational expense of the Citi supported center at Cotton Green (matching grant)	(i) of Schedule VII of the Companies Act 2013, under Promotion of healthcare.		Maharashtra	Mumbai	12 months (February 1, 2020 – January 31, 2021)	4,800	4,800	NIL	No	St. Jude India ChildCare Centres	CSR00001026
3	**Citi's COVID Response**										
3.1	*COVID-19 Relief Feeding Program* Feeding One million cooked meals to underprivileged families, migrant and displaced	(i) and (xii) of Schedule VII of the Companies Act 2013, under 'Promotion of Healthcare' and 'Disaster Management'	No	Maharastra, Tamil Nadu, Delhi - NCR, Telangana, Karnataka	Mumbai, Thane, Pune, Chennai, Delhi-NCR, Hyderabad,	12 months (April 1, 2020 – March 31, 2021)	20,100	20,100	NIL	No	The Akshaya Patra Foundation	CSR00000286

	labourers, unemployed and homeless people affected by the lockdown.			, and Gujarat	Bangalore and Ahmedabad							
3.2	*COVID relief support to St. Jude Child Care Centres* Support was extended to sourcing masks, sanitizers and ration for 460 children (undergoing cancer treatment) and their families.	(i) and (xii) of Schedule VII of the Companies Act 2013, under 'Promotion of Healthcare' and 'Disaster Management'	-	Pan India	Pan India	12 months (April 1, 2020 – March 31, 2021)	2,000	2,000	NIL	No	St. Jude India ChildCare Centres	CSR00001026
3.3	PM-CARES matching contribution		No	NA	NA	NA	19,001	19,001	NIL	No	NA	NA
3.4	Ration Phase 2 - Towards the provision of 75,000	(i) Promotion of Healthcare and (xii) Disaster	Maharastra, Tamil Nadu	Mumbai, Thane, Pune	-	12 months (March 15,	1,00,00,000	1,00,00,000	NIL	No	United Way of Mu	CSR00000762

	new ration supplies impacting 33,334 families	Management	, Delhi, Telangana, Karnataka, and Gujarat	, Chennai, Delhi-NCR, Hyderabad, Bangalore and Ahmedabad		2021 – March 31, 2022)					mbai	
	TOTAL						**4,25,36,081**	**4,25,36,081**				

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

(1)	**(2)**	**(3)**	**(4)**	**(5)**		**(6)**	**(7)**	**(8)**	
Sl. No	**Name of project**	**Item from the list of activities in Schedule VII of the Act**	**Local area (Yes/ No)**	**Location of project**		**Amount spent for the Project (In Rs)**	**Mode of implementation Direct (yes/no)**	**Mode of implementation through implementing agency**	
				State	**District**			**Name**	**CSR Registration No**
	TOTAL								

(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. 4,25,36,081/-

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

S No	Particular	Amount (In Rs)
(i)	Two percent of average net profit of the company as per Section 135 (5)	4,22,51,275
(ii)	Total amount spent for the financial year	4,25,36,081
(iii)	Excess amount spent for the financial year [(ii)-(i)]	**2,84,806**
(iv)	Surplus arising out of CSR Projects or programmes or activities of the previous financial years, if any	0
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	**2,84,806**

9. (a) Details of Unspent CSR amount for the preceding three financial years: Not applicable

Sl. No.	**Preceding Financial Year**	**Amount transferred to Unspent CSR account under Section 135 (6) (In Rs)**	**Amount spent in the reporting financial year**	**Amount transferred to any fund specified under Schedule VII as per Section 135 (6), if any**			**Amount remaining to be spent in succeeding financial year (in Rs)**
				Name of the fund	**Amount (In Rs)**	**Date of transfer**	
	TOTAL						

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

NA

(1)	**(2)**	**(3)**	**(4)**	**(5)**	**(6)**	**(7)**	**(8)**	**(9)**
Sl. No.	Project ID	Name of 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 FY (In Rs)	Cumulative amount spent at the end of reporting Financial Year (in Rs)	Status of the project: Completed / Ongoing

	TOTAL							

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details):- Not applicable

(a) Date of creation or acquisition of the capital asset(s).

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

(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.

(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset).

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 Citicorp Finance (India) Limited

Sd/-	**Sd/-**	**Sd/-**
Rohit Ranjan **Director** **DIN- 00003480**	**Saurabh Shah** **Independent Director** **DIN-02094645**	**Nina Nagpal** **Managing Director** **DIN-00138918**

Date: June 25, 2021
Place: Mumbai

Annexure VI

Form AOC-1
(Pursuant to first proviso to sub-section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014
Statement containing salient features of the financial Statement of Subsidiaries/Associate Companies/Joint Ventures

Part "A": Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in Rs…….)	NA
1. Sl. No.	NA
2. Name of the Subsidiary	NA
3. Reporting period for the subsidiary concerned, if different from the holding company's reporting period	NA
4. Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries.	NA
5. Share capital	NA
6. Reserves & surplus	NA
7. Total assets	NA
8. Total Liabilities	NA
9. Investments	NA
10. Turnover	NA
11. Profit before taxation	NA
12. Provision for taxation	NA
13. Profit after taxation	NA
14. Proposed Dividend	NA
15. % of shareholding	NA

1. Names of subsidiaries which are yet to commence operations- NA
2. Names of subsidiaries which have been liquidated or sold during the year- As at March 31, 2021 the company does not have any subsidiaries.

Part "B": Associates and Joint Ventures
Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Name of Associates/ Joint Ventures	India Infradebt Limited
1. Latest audited Balance Sheet Date	31/03/2021
2. Shares of Associate/Joint Ventures held by the company on the year end a. No. b. Amount of Investment in Associates/Joint Venture c. Extend of Holding %	 87,000,000 Rs. 870,000,000 10.02%
3. Description of how there is significant influence	There is significant influence by virtue of Joint Venture and Shareholders Agreement dated October 8, 2012 and amendments thereof.
4. Reason why the associate/ joint venture is not consolidated	NA
5. Networth attributable to Shareholding as per latest audited Balance Sheet	209,921
6. Profit / Loss for the year i. Considered in Consolidation ii. Not Considered in Consolidation	 28 Crores Nil

1. Names of associates or joint ventures which are yet to commence operations-NA

2. Names of associates or joint ventures which have been liquidated or sold during the year-NA

For Citicorp Finance (India) Limited

Sd/- **Rohit Ranjan** **Director** **DIN- 00003480**	**Sd/-** **Nina Nagpal** **Managing Director** **DIN-00138918**	**Sd/-** **Ankit Goyal** **Chief Financial Officer**	**Sd/-** **Sameer Upadhyay** **Company Secretary**

Date: June 25, 2021
Place: Mumbai

Annexure –V

DETAILS IN TERMS OF SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

PART A:

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

   Ms. Nina Nagpal – 10.55

   Please note that for calculating ratio of remuneration, average of financial year beginning and ending values have been considered.

2. **The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive officer, Company Secretary or Manager, if any, in the financial year**
   The percentage increase in remuneration of the MD, Chief Financial Officer and Company Secretary is as follows:

Employee Name	% Increase
Ms. Nina Nagpal	4.0%
Ms. Manisha Inamdar as CFO *	0.0%
Mr. Sameer V. Upadhyay	3.25%
Mr. Ankit Goyal as CFO*	7.50%

*Please note that Ms. Manisha Inamdar resigned from the position of Chief Financial Officer of the Company and Mr. Ankit Goyal was appointed as Chief Financial Officer of the Company w.e.f September 29, 2020 and September 30, 2020 respectively.

3. **The percentage increase in the median remuneration of employees in the financial year**
   The percentage increase in the median remuneration of the employees in the financial year is around 13.70% (excluding 0 salary increase cases) / 13.95% (including 0 salary increase cases)

4. **The number of permanent employees on the rolls of the company**
   270 (as on 31-Mar-21)

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

   Average percentile increase is not a valid data point and instead average percentage increase has been reported. The average percentage increase made in the salaries of total employees other than Key Managerial Personnel is around 18.52% (excluding 0 salary increase cases) / 18.45% (including 0 salary increase cases), while the average increase in the remuneration of the Key Managerial Personnel is 3.62% (excluding Maisha and Ankit who were not in the role for the entire financial year) / 3.69% (including Manisha and Ankit). (#2 list is considered)

6. **The key parameters for any variable component availed by the directors**

   The Company follows prudent remuneration practices created to discourage unnecessary or imprudent risk-taking, while promoting shareholder interests under the guidance of Personnel and Compensation Committee of Citigroup. Performance Goals, including a balance of both financial and non-financial metrics are established for the Managing Directors annually. At the end of the year, the performance of the company as well the performance of the MD and CEO is assessed based on these goals. Based on the performance assessment, the variable component of remuneration for the MD & CEO is recommended. All variable compensation for the company is approved by the Personnel and Compensation Committee. During the period under review the sitting fees paid to Independent Directors was Rs. 1,00,000/- per Board/Committee meeting which are within the maximum permissible amount under the Companies Act, 2013 together with Rules thereunder.

7. **Affirmation that the remuneration is as per the remuneration policy of the company**

   Affirmed

Part B:

Statement of Particulars of employees pursuant to the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Sl No	Name	Designation/ Nature of Duties	Remuneration* Received (Rs.)	Qualification	Latest Citi Experience in years	Age in years	Effective date of secondment / Date of commencement of employment with CFIL	LWD with CFIL/ Date of De-secondment	Last employment held Prior to Citi
1	Nina Nagpal	Managing Director	*	Post graduate Diploma	7.23	57	01-June-2018	NA	Morgan Stanley India

***The remuneration details are available with the company.**

Notes;

- The above employees' details are for the financial year 2020-21
- All appointments are / were non-contractual
- Remuneration as shown above comprises of Salary, Leave Salary, Bonus, Gratuity where paid, Leave Travel Assistance, Medical Benefit, House Rent Allowance, Perquisites and company's contribution to Provident Fund and Superannuation Fund. Remuneration on cash basis.
- None of the above employees is related to any Director of the company employed for part of the financial year.

For Citicorp Finance (India) Limited

Sd/- **Sd/-**

Date: June 25, 2021
Place: Mumbai

Nina Nagpal
Managing Director
DIN- 00138918

Rohit Ranjan
Director
DIN-00003480

MSKA & Associates
Chartered Accountants

602, Floor 6, Raheja Titanium
Western Express Highway, Geetanjali
Railway Colony, Ram Nagar, Goregaon (E)
Mumbai 400063, INDIA
Tel: +91 22 6831 1600

INDEPENDENT AUDITOR'S REPORT

To the Members of Citicorp Finance (India) Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of Citicorp Finance (India) Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2021, and the Statement of Profit and Loss, the Statement of changes in Equity and the Statement of Cash Flow for the year then ended, and notes to the standalone 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 standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015 as amended and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, and its profit, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Emphasis of Matter

We draw attention to Note 48 to the standalone financial statements, which describes that the extent to which the COVID-19 Pandemic will continue to impact the Company's standalone financial statements will depend on ongoing and uncertain future developments.

Our opinion is not modified in respect of this matter.

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<table>
<tr><td colspan="2">Classification and Measurement of Expected Credit Loss (ECL) on Financial Assets - Loans

Total ECL Provision as at March 31, 2021 – INR 9,506 lakhs
Charge to the Statement of Profit and Loss – INR 2,184 lakhs

Note 3.11 on Significant Accounting Policies, Note 8 and Note 27 of the Standalone Financial Statements</td></tr>
<tr><td>Key Audit Matter</td><td>How our audit addressed the Key Audit Matter</td></tr>
<tr><td>Recognition and measurement of impairment relating to financial assets involves significant management judgement. With the applicability of Ind AS 109 "Financial Instruments", credit loss assessment is based on ECL model which is forward looking Expected Loss Approach.

The Company's impairment allowance is computed based on estimates including the historical default and loss ratios. Management exercises judgement in determining the quantum of loss based on a range of factors. The most significant areas are:
• Portfolio Segmentation
• Asset staging criteria
• Calculation of probability of default/ Loss given default/ Credit conversion factor basis the portfolio segmentation
• Consideration of probability of forward looking macro-economic factors specially for COVID-19 impact

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.</td><td>Examined the policy on ECL for impairment of financial assets and assessed compliance with Ind AS 109.

Understood the process of ECL computation and tested design and operating effectiveness of key controls around data extraction and validation.

Evaluating management's controls over collation of relevant information used for determining estimates for management overlays on account of COVID-19.

Involved specialists to review the methodology of the computation of staging of loans, estimation of probability of default, its calibration, and estimation of loss given default.

Reconciled the total loans considered for ECL estimation with the books of accounts to ensure the completeness.

Performed substantive procedures for testing of ECL model and computation of ECL amount included and not limited to the following:</td></tr>
</table>

The Company has applied a three-stage approach to measure expected credit losses / Impairment loss allowance (ECL) on debt instruments accounted for at amortised cost and Fair Value through Other Comprehensive Income. During the financial year ended March 31, 2021, the RBI issued various circulars related to the Covid-19 Regulatory Packages which has covered the moratorium, restructuring and other benefits to ease the repayment terms for affected customers due to the Pandemic. Additionally, the Company has considered the impact of judgment, on identification of NPA and provision thereof, which was vacated as per Honourable Supreme Court Order on March 23, 2021 and the RBI circular dated April 7, 2021 in that connection. We have identified measurement of ECL as a key audit matter in view of the significant judgement and assumptions involved.	• Performed procedures over segmentation of financial assets related to the advances as per their various products and models and risk characteristics. • Tested the assumptions used for and computation of probability of default, loss given default, discounting factors for different class of financial assets as per their nature and risk assessment for sample class of assets. • Tested, on sample basis, whether appropriate staging of assets have been performed basis their days past due and other loss indicators considering the various Covid-19 Regulatory Packages related to moratorium as per RBI circular dated August 06, 2020, MSME restructuring etc. • Tested the ECL computation and ensured application of correct underlying factor like PD, LGD etc. basis the nature of products and models. • Tested the mathematical accuracy of the computation by reperforming the formulas. Assessed the adequacy and appropriateness of disclosures for compliance with the Ind AS.

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

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's report but does not include the standalone financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the Annual Report, which is expected to be made available to us after that date.

Our opinion on the standalone 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 standalone 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 standalone 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 Annual Report, 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 Standalone 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 standalone 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 Indian 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 detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has 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 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 standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in "Annexure A" 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 Flows dealt with by this Report are in agreement with the books of account.

   (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015 as amended.

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

   (f) With respect to the adequacy of the internal financial controls with reference to standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

   (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 Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 36 to the standalone financial statements;

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

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

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 prescribed under Section 197 of the Act and the rules thereunder.

For MSKA & Associates
Chartered Accountants
ICAI Firm Registration Number: 105047W

Sd/-

Amrish Vaidya
Partner
Membership Number: 101739

UDIN: 21101739AAAADQ8635

Mumbai
June 25, 2021

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

[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's 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) The Company has a regular program of physical verification to cover all the items of fixed assets (Property, Plant and Equipment) in a phased manner over a period of 3 years, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. All fixed assets (Property, Plant and Equipment) of the Company have not been physically verified by the Management during the year. Accordingly, material discrepancies, if any, could not be ascertained and therefore, we are unable to comment on whether such material discrepancies have been properly dealt with in the books of account.

(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, as disclosed in Note 11 to the standalone financial statements on Property, Plant and Equipment, are held in the name of the Company.

ii. The Company is involved in the business of rendering financial 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 granted any loans, provided any guarantees or security to the parties covered under section 185. Therefore, the provisions of clause 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 complied with the provisions of section 186(1) of the Act as applicable, in respect of investments made.

v. 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 generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, income-tax, goods and service tax, cess and any other material statutory dues applicable to it.

(b) According to the information and explanations given to us, no material undisputed amounts payable in respect of provident fund, income-tax, goods and service tax, cess and any other material statutory dues applicable to it as at March 31, 2021 were outstanding, at the year end, for a period of more than six months from the date they became payable.

(c) According to the information and explanations given to us and examination of records of the Company, the outstanding dues of income-tax, value added tax (VAT) and service tax on account of dispute which have not been deposited as at March 31, 2021, are as follows:

Name of the statute	Nature of dues	Amount Rs. In lakhs	Period to which the amount relates	Forum where dispute is pending
Income Tax Act,1961	Income Tax Demands	8.35	AY 1999-2000	Commissioner of Income Tax (Appeals)
Income Tax Act,1961	Income Tax Demands	5.86	AY 2001-02	Assessing Officer
Income Tax Act,1961	Income Tax Demands	33.71	AY 2002-03	High Court
Income Tax Act,1961	Income Tax Demands	1.35	AY 2002-03	Assessing Officer
Income Tax Act,1961	Income Tax Demands	356.52	AY 2005-06	Assessing Officer
Income Tax Act,1961	Income Tax Demands	28.93	AY 2006-07	Income Tax Appellate Tribunal
Income Tax Act,1961	Income Tax Demands	578.63	AY 2011-12	Assistant Commissioner of Income Tax (Appeals)

Income Tax Act,1961	Income Tax Demands	159.30	AY 2012-13	Commissioner of Income Tax (Appeals)
Maharashtra VAT Act, 2002	VAT Demands	266.23	FY 2010-11	Joint Commissioner of Sales Tax (Appeals IV)
Maharashtra VAT Act, 2002	VAT Demands	42.37	FY 2016-17	Joint Commissioner of Sales Tax
Finance Act, 1994	Service Tax Demands	1,073.08	FY 2006-07 to 2008-09	Customs, Excise and Service Tax Appellate Tribunal
Karnataka Value Added Tax Act, 2003	Vat Demands	1,432.00	FY 2005-06 to FY 2010-11	Reassessment proceedings with Assessing Officer

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 explanations 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. The Company has not raised any money by way of initial public offer or further public offer during the year.

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, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.

xiv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, the 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 to and has been registered under Section 45-IA of the Reserve Bank of India Act, 1934 as Non-Banking Financial Company.

For MSKA & Associates
Chartered Accountants
ICAI Firm Registration Number: 105047W

Sd/-

Amrish Vaidya
Partner
Membership Number: 101739

UDIN: 21101739AAAADQ8635

Mumbai
June 25, 2021

ANNEXURE B TO INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF CITICORP FINANCE (INDIA) LIMITED

[Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's 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 standalone financial statements of Citicorp Finance (India) Limited ("the Company") as of March 31, 2021 in conjunction with our audit of the standalone 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 standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("the 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone 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 standalone 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 standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of internal financial controls with reference to standalone 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 standalone financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls with Reference to Standalone Financial Statements

A Company's internal financial control with reference to standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control with reference to standalone 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 standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the standalone financial statements.

Inherent Limitations of Internal Financial Controls with Reference to Standalone Financial Statements

Because of the inherent limitations of internal financial controls with reference to standalone financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to standalone financial statements to future periods are subject to the risk that the internal financial control with reference to standalone 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 standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at March 31, 2021, based on the internal control with reference to standalone 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 Number: 105047W

Sd/-

Amrish Vaidya
Partner
Membership Number: 101739

UDIN: 21101739AAAADQ8635

Mumbai
June 25, 2021

MSKA
& Associates
Chartered Accountants

602, Floor 6, Raheja Titanium
Western Express Highway, Geetanjali
Railway Colony, Ram Nagar, Goregaon (E)
Mumbai 400063, INDIA
Tel: +91 22 6831 1600

Auditor's Additional Report

To,
The Board of Directors
Citicorp Finance (India) Limited
8th Floor, First International Financial Centre (FIFC),
Plot Nos C-54 and C-55, G-Block,
Bandra Kurla Complex, Bandra (East),
Mumbai - 400 098.

1. This report is issued in accordance with the requirements of Master Direction - Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2016 dated September 29, 2016 (the "Directions").

2. We have audited the accompanying standalone financial statements of Citicorp Finance (India) Limited (hereinafter referred to as the "Company") comprising the Balance Sheet as at March 31, 2021 and the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flow for the year ended on that date, on which we have issued our report dated June 25, 2021.

Management's Responsibility for the Standalone Financial Statements

3. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 (the "Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, 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, read with Companies (Indian Accounting Standards) Rules, 2015 as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

4. The Management is also responsible for compliance with the Reserve Bank of India (the "RBI") Act, 1934 and other relevant RBI circulars and guidelines applicable to Non-Banking Financial Companies, as amended from time to time, and for providing all the required information to the RBI.

Auditor's Responsibility

5. Pursuant to the requirements of the Directions referred to in paragraph 1 above, it is our responsibility to examine the audited books and records of the Company for the year ended March 31, 2021 and report on the matters specified in the Directions to the extent applicable to the Company.

6. We conducted our examination on test check basis in accordance with the 'Guidance Note on Reports or Certificates for Special Purposes' issued by the Institute of Chartered Accountants of India (the "Guidance Note"). The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, "Quality Control for Firms that Perform Audit and Reviews of Historical Financial Information, and other Assurance and Related Services Engagements".

Opinion

8. Based on our examination of the audited books and records of the Company for the year ended March 31, 2021 as produced for our examination and the information and explanations given to us we report that:

8.1 The Company is engaged in the business of non-banking financial institution and it has obtained a certificate of registration No. N-13.02079 dated October 10, 2014 from the RBI.

8.2 The Company is entitled to continue to hold such certificate of registration in terms of its asset/income pattern as on March 31, 2021.

8.3 The non-banking financial company is meeting the required net owned fund requirement as laid down in RBI/DNBR/2016-17/45 Master Direction DNBR. PD. 008/03.10.119/2016-17 - Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 dated September 01, 2016 (the 'Master Direction').

8.4 Based on RBI/DNBR/2016-17/38 Master Direction DNBR.PD.002/03.10.119/2016-17, dated August 25, 2016 on Master Direction - Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 2016 (as amended from time to time), an investment and credit company not accepting/holding any public deposit is required to pass in the meeting of its board of directors within thirty days of the commencement of the financial year, a resolution to the effect that the company has neither accepted public deposit nor would accept any public deposit during the year. The Company for the financial year ended March 31, 2021 has passed the resolution for non-acceptance of public deposit on April 02, 2020.

8.5 The Company has not accepted any public deposits during the year ended March 31, 2021.

8.6 The standalone financial statements have been prepared by Management in accordance with the Indian Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015 as amended. Hence, the Company has followed the Indian Accounting Standards vis-à-vis prudential norms relating to income recognition, asset classification and provisioning for bad and doubtful debts as applicable to it in terms of Master Direction.

8.7 The annual statement of capital funds, risk assets / exposures and risk asset ratio (NBS – 7) has been furnished to the RBI on April 16, 2021, based on the unaudited books of account. While the stipulated period of submission was April 15, 2021, the Company was unable to submit NBS-7 by this date due to technical errors which was communicated by the Company to the RBI. The Company had correctly arrived at and disclosed the capital adequacy ratio (CRAR), based on the unaudited books of account, in the return submitted to the RBI in Form NBS – 7 and such ratio is in compliance with the minimum CRAR prescribed by the RBI.

Restriction on Use

9 This report is addressed to Board of Directors of the Company pursuant to our obligations under the Directions to submit a report on additional matters as stated in the Directions. It should not be used by any other person or for any other purpose. MSKA & Associates shall not be liable to the Company or to any other concerned for any claims, liabilities or expenses relating to this assignment.

10 Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

For MSKA & Associates
Chartered Accountants
ICAI Firm Registration Number: 105047W

Sd/-

Amrish Vaidya
Partner
Membership Number: 101739

UDIN: 21101739AAAADQ8635

Mumbai
June 25, 2021

CITICORP FINANCE (INDIA) LIMITED

Standalone financial statements

For the year ended 31 March 2021

Citicorp Finance (India) Limited
All amounts are in INR lakhs except per share data and unless stated otherwise

Balance sheet

Particulars	**Note**	**As at 31 March 2021 (Audited)**	**As at 31 March 2020 (Audited)**
ASSETS			
Financial assets			
Cash and cash equivalents	4	142,731	98,515
Bank balance other than cash and cash equivalents above	5	14,486	13,906
Derivative financial assets	6	2,797	6,646
Receivables			
(i) Trade receivables	7	1,367	2,403
(ii) Other receivables	7	1,964	629
Loans	8	749,744	857,745
Investments	9	113,177	67,430
Other financial assets	10	4,304	4,442
Total financial assets		**1,030,570**	**1,051,716**
Non-financial assets			
Current tax assets (Net)	30	19,042	18,649
Deferred tax assets (Net)	30	21,029	23,541
Property, plant and equipment	11	1,379	1,073
Capital work-in-progress	11	16	-
Other non-financial assets	12	983	873
Total non-financial assets		**42,449**	**44,136**
TOTAL ASSETS		**1,073,019**	**1,095,852**
LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
Derivative financial liabilities	6	1,083	7,530
Trade payables			
(i) total outstanding dues of micro and small enterprises		27	24
(ii) total outstanding dues of creditors other than micro and small enterprises		10,531	5,347
Debt securities	13	369,287	401,177
Borrowings (other than debt securities)	14	259,900	261,221
Other financial liabilities	15	8,481	4,421
Total financial liabilities		**649,309**	**679,720**
Non-financial liabilities			
Provisions	16	1,577	1,915
Other non-financial liabilities	17	2,060	1,086
Total non-financial liabilites		**3,637**	**3,001**
EQUITY			
Equity share capital	18	289,330	289,330
Other equity		130,743	123,801
Total equity		**420,073**	**413,131**
TOTAL LIABILITIES AND EQUITY		**1,073,019**	**1,095,852**

Significant accounting policies 3

The above balance sheet should be read in conjunction with the accompanying notes.

As per our report of even date attached

For **MSKA & Associates**
Chartered Accountants
Firm's Registration No: 105047W

For and on behalf of the Board of Directors
Citicorp Finance (India) Limited

sd/-
Amrish Vaidya
Partner
Membership No: 101739

sd/-
Nina Nagpal
Managing Director
DIN: 00138918

sd/-
Rohit Ranjan
Director
DIN: 00003480

sd/-
Ankit Goyal
Chief Financial Officer

sd/-
Sameer Upadhyay
Company Secretary

Place: Mumbai
Date: June 25, 2021

Citicorp Finance (India) Limited
All amounts are in INR lakhs except per share data and unless stated otherwise

Statement of profit and loss

Particulars	Note	Year ended 31 March 2021 (Audited)	Year ended 31 March 2020 (Audited)
Revenue from operations			
Interest income	19	64,154	79,779
Dividend income	20	815	333
Fees and commission income	21	2,981	7,033
Net gain/(loss) on fair value changes	22	7,698	(6,298)
Other revenue from operations	23	351	471
Total revenue from operations		**75,999**	**81,318**
Other income	24	1,934	2,676
Total income		**77,933**	**83,994**
Expenses			
Finance costs	25	27,050	37,373
Fees and commission expense	26	7,719	8,427
Impairment on financial instruments	27	8,306	7,008
Employee benefits expenses	28	4,970	4,080
Depreciation and amortisation	11	345	379
Others expenses	29	7,859	9,990
Total expenses		**56,249**	**67,257**
Profit before tax		**21,684**	**16,737**
Tax expense:			
Current tax	30	3,913	3,638
Deferred tax	30	2,336	1,781
Total tax expense		**6,249**	**5,419**
Profit for the period		**15,435**	**11,318**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurement of defined benefit obligation		(55)	(72)
Tax relating to above		26	25
Subtotal (A)		**(29)**	**(47)**
Items that may be reclassified to profit or loss			
Changes in fair value of loans classified as FVOCI		1,008	2,769
Tax relating to above		(472)	(969)
Subtotal (B)		**536**	**1,800**
Other comprehensive income (A+B)		**507**	**1,753**
Total comprehensive income for the period		**15,942**	**13,071**
Earnings per equity share			
Basic and diluted earnings per share (Face value of Rs. 7.50 each)	38	0.40	0.29

The above statement of profit and loss should be read in conjunction with the accompanying notes.

As per our report of even date attached

For **MSKA & Associates**
Chartered Accountants
Firm's Registration No: 105047W

For and on behalf of the Board of Directors
Citicorp Finance (India) Limited

sd/-
Amrish Vaidya
Partner
Membership No: 101739

sd/-
Nina Nagpal
Managing Director
DIN: 00138918

sd/-
Rohit Ranjan
Director
DIN: 00003480

sd/-
Ankit Goyal
Chief Financial Officer

sd/-
Sameer Upadhyay
Company Secretary

Place: Mumbai
Date: June 25, 2021

Citicorp Finance (India) Limited
All amounts are in INR lakhs except per share data and unless stated otherwise

Statement of changes in equity

A. Equity share capital

Particulars	Number of equity shares	Amount
As at 01 April 2019	3,857,727,031	289,330
As at 31 March 2020	3,857,727,031	289,330
As at 31 March 2021	3,857,727,031	289,330

B. Other equity

Particulars	Reserves and surplus			Other reserves	Total other equity
	Statutory reserve	Retained earnings	Share based payment reserve	Debt instruments through other comprehensive income	
As at 01 April 2019	**63,746**	**62,198**	**42**	**566**	**126,552**
Profit for the period	-	11,318	(8)	-	11,310
Other comprehensive income	-	(47)	-	1,800	1,753
Total comprehensive income for the period	**-**	**11,271**	**(8)**	**1,800**	**13,063**
Transfer from Retained Earnings	2,264	(2,264)	-	-	-
Dividend payout (including DDT)	-	(15,814)	-	-	(15,814)
As at 31 March 2020	**66,010**	**55,391**	**34**	**2,366**	**123,801**
Profit for the period	-	15,435	-	-	15,435
Other comprehensive income	-	(29)	-	536	507
Total comprehensive income for the period	**-**	**15,406**	**-**	**536**	**15,942**
Transfer from Retained Earnings	3,087	(3,087)	-	-	-
Transfer to Retained Earnings	-	34	(34)	-	-
Dividend payout (including WHT)	-	(9,000)	-	-	(9,000)
As at 31 March 2021	**69,097**	**58,744**	**-**	**2,902**	**130,743**

Notes
1. Statutory reserve is created pursuant to section 45-IC of the Reserve Bank of India Act, 1934.
2. Retained earnings represents the Company's cumulative earnings.
3. Share based payment reserve - Refer Note 3.10
4. Debt instruments through other comprehensive income reserve represents accumulated unrealised fair value gains/(losses) on loans measured at fair value through other comprehensive income.

The above statement of changes in equity should be read in conjunction with the accompanying notes.

As per our report of even date attached

For **MSKA & Associates**
Chartered Accountants
Firm's Registration No: 105047W

For and on behalf of the Board of Directors
Citicorp Finance (India) Limited

sd/-
Amrish Vaidya
Partner
Membership No: 101739

sd/-
Nina Nagpal
Managing Director
DIN: 00138918

sd/-
Rohit Ranjan
Director
DIN: 00003480

sd/-
Ankit Goyal
Chief Financial Officer

sd/-
Sameer Upadhyay
Company Secretary

Place: Mumbai
Date: June 25, 2021

Citicorp Finance (India) Limited

All amounts are in INR lakhs except per share data and unless stated otherwise

Statement of cash flow

Particulars	**Year ended 31 March 2021**	**Year ended 31 March 2020**
Cash flow from operating activities :		
Profit before tax:	21,684	16,737
Adjustment:		
Adjustment for Non-Cash Item:		
Depreciation and amortisation	345	379
Unrealised (gain)/ loss on fair value changes	17,003	(6,006)
Provisions/(reversal of provisions)	(124)	(1,457)
Unwinding of discount on security deposit	(6)	(13)
Impairment of financial instruments	2,186	1,811
Net (gain)/ loss on derecognition of property, plant and equipment	13	(6)
Adjustment for Financing/Investing activity:		
Interest income from investments	(4,076)	(1,833)
Dividend income	(815)	(333)
Finance Charges	27,050	37,373
Realised (gain)/loss on fair value changes	(1,379)	1,389
Loss/ (gain) on sale of investment	(1,166)	(11)
Operating profit before working capital changes	**60,715**	48,030
Working Capital changes:		
(Increase)/decrease in receivables	(299)	1,399
(Increase)/decrease in loans	106,823	210,783
(Increase)/decrease in other financial assets and others	5,672	(8,492)
(Increase)/decrease in other non-financial assets	(104)	(109)
Increase/(decrease) in trade payables	5,187	(2,278)
Increase/(decrease) in other financial liabilities	4,060	(2,020)
Increase/(decrease) in other non-financial liabilities and provisions	705	(928)
Interest paid on debt securities	(19,407)	(25,498)
Interest paid on borrowings	(7,122)	(12,642)
Interest received on investments	1,421	1,611
Net cash used in operating activities before taxes	**157,651**	209,856
Less : Income taxes paid (net of refunds)	4,306	6,786
Net cash inflow / (outflow) from operating activities (A)	**153,345**	203,070
Cash flow from investing activities :		
Purchase of investments	(318,587)	(210,032)
Proceeds from sale of investments	278,530	177,385
Purchase of Property, Plant and Equipment	(54)	(246)
Proceeds from Sale of Property, Plant and Equipment	-	13
Dividend Income	815	333
Net cash inflow / (outflow) from investing activities (B)	**(39,296)**	(32,547)
Cash flow from financing activities :		
Receipts from issuance of debt securities	401,095	423,971
Payments on redemption of debt securities	(459,656)	(461,374)
Payment of dividend and tax thereon	(9,000)	(15,814)
Receipts from borrowing products	660,296	2,076,999
Repayments of borrowing	(662,568)	(2,125,261)
Net cash inflow / (outflow) from financing activities (C)	**(69,833)**	(101,479)
Net increase/(decrease) in cash and cash equivalents (A+B+C)	**44,216**	69,044
Add : Cash and cash equivalents at beginning of the year	**98,515**	29,471
Cash and cash equivalents at end of the year	**142,731**	98,515

The above statement of cash flows should be read in conjunction with the accompanying notes.

As per our report of even date attached

For MSKA & Associates
Chartered Accountants
Firm's Registration No: 105047W

For and on behalf of the Board of Directors
Citicorp Finance (India) Limited

sd/-
Amrish Vaidya
Partner
Membership No: 101739

sd/-
Nina Nagpal
Managing Director
DIN: 00138918

sd/-
Rohit Ranjan
Director
DIN: 00003480

sd/-
Ankit Goyal
Chief Financial Officer

sd/-
Sameer Upadhyay
Company Secretary

Place: Mumbai
Date: June 25, 2021

Notes to the financial statements

for the year ended 31 March 2021
All amounts are in INR lakhs except per share data and unless stated otherwise

1 Background

Citicorp Finance (India) Limited ('the Company') incorporated in India on 1 May 1997, is registered with the Reserve Bank of India ('the RBI') as a Non-Banking Financial Company ('NBFC') vide Certificate No. N.13.02079 dated 10 October 2014. It is a non-deposit taking systemically important Non-Banking Financial Company ('NBFC-ND-SI'). The Company is a loan and investment NBFC as defined under section 45IA of the Reserve Bank of India Act, 1934.

Associates Financial Services (Mauritius) LLC, a Company incorporated in Mauritius holds 52.94% in the Company and remaining 47.06% is held by Citibank Overseas Investment Corporation, a company incorporated in Delaware, U.S.A.

The Company is engaged in a range of financial service activities, which include:
a. Loans against securities
b. Corporate loans
c. Personal loans
d. Loans for purchase of commercial vehicles, construction equipment and agricultural assets, leasing, assignment and origination services of the aforesaid loans
e. Investment in shares and securities

2 Basis of preparation

2.1 Accounting Standard Compliance

The financial statements of the Company have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') notified under Section 133 of the Companies Act, 2013 ("the Act") [Companies (Indian Accounting Standards) Rules, 2015] as amended from time to time. Any directions issued by the RBI or other regulators are implemented as and when they become applicable.

The financial statements have been prepared on the accrual and going concern basis. The Ind AS accounting assumptions and treatments are applied consistently to all the periods presented in these financial statements.

These financial statements are prepared under the historical cost convention except for the application of fair value measurements where required or allowed by the relevant standards under Ind AS in the case of certain financial assets and liabilities, net defined benefit (asset)/ liability and share based payments.

2.2 Presentation of financial statements

The Balance Sheet, the Statement of Changes in Equity and the Statement of Profit and Loss are presented in the format prescribed under Division III of Schedule III of the Act, as amended from time to time, for Non-Banking Financial Companies ('NBFCs') that are required to comply with Ind AS. The Statement of Cash Flows has been presented as per the requirements of Ind AS 7 Statement of Cash Flows.

2.3 Functional and presentation currency

The financial statements are presented in Indian Rupees ("INR"), which is also the Company's functional currency. All amounts have been rounded to the nearest lakh, unless otherwise indicated.

2.4 Significant accounting judgments, estimates and assumptions

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

Judgments

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

- **Fair value measurement of financial instruments**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using appropriate valuation techniques. The inputs for these valuations are taken from observable sources where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of various inputs including liquidity risk, credit risk, volatility etc. Changes in assumptions/judgments about these factors could affect the reported fair value of financial instruments. For further details about determination of fair value refer note 31.

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

The impairment provisions for financial assets are based on assumptions about risk of default, expected loss rates and loss given defaults. The Company uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's history, existing market conditions as well as forward looking estimates at the end of each reporting period. For further details about assumptions used in calculating expected credit losses and the sensitivity of assumptions refer note 32.

- **Business model assessment**

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

- **Income taxes**

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

- **Provisions and Contingencies**

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

Assumptions and Estimates

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

- **Gratuity and Long term service awards (LTSA) benefits**

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

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

Further details about gratuity and LTSA obligations are provided in note 41.

- **Effective Interest Rate**

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

- **Provisioning for Asset retirement obligation (ARO)**

For the commercial premises taken on lease, the Company has recognised the provision for the obligation (ARO) to restore the premises in the same condition at the end of the lease term. In determining the fair value of the provision, assumptions and estimates are made in relation to discount rates, the expected cost to restore the premise and the expected timing of those costs.

3 Summary of significant accounting policies

3.1 Foreign currency

Transactions in foreign currency are recorded at the exchange rate prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currency, remaining unsettled at the balance sheet date are restated at the closing exchange rates. Gain/loss arising on actual payments/realisations and year-end restatements are recognised in the statement of profit and loss.

3.2 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It is a measure as at a specific date and may be significantly different from the amount which will actually be paid or received on maturity or settlement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

The Company follows a fair value hierarchy that categorises into three levels, the inputs to valuation techniques used to measure fair value, which gives highest priority to quoted prices.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. Assets and liabilities are classified as Level 1 if their value is observable in an active market.

Level 2 inputs are inputs, other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. A Level 2 input must be observable for substantially the full term of the instrument. Level 2 inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves observable at commonly quoted intervals, implied volatilities and credit spreads.

Level 3 inputs are unobservable inputs. Assets and liabilities are classified as Level 3 if their valuation incorporates significant inputs that are not based on observable market data.

Wherever possible, fair values have been calculated using unadjusted quoted market prices in active markets for identical instruments held by the Company. Where quoted market prices are not available, or are unreliable because of poor liquidity, fair values have been determined using valuation techniques which, to the extent possible, use market observable inputs, but in some cases may also use non-market observable inputs. Valuation techniques used include discounted cash flow analysis, price to earning ratio and, where appropriate, comparison to instruments with characteristics similar to those of the instruments held by the Company after making necessary adjustments (eg. broker polling method).

3.3 Revenue recognition

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

Interest income
For all financial instruments, interest income is recorded using the effective interest rate (EIR). Refer note 3.11

Dividend income
Dividend is recognised as income when the right to receive the same is established.

Fees and commission income
Fees and commission income are recognised on accrual basis based on contractual terms with customers.

Incentives from dealers/manufacturers
Incentives from dealers/manufacturers is recognised as income over the period of the underlying transaction by applying the internal rate of return implicit in the agreement, on the diminishing balance of the financed amount, so as to provide a constant periodic rate of return on the net investment outstanding on the contracts. However, if a contract is foreclosed / written-off, such dealer / manufacturer incentive is recognized as income at the time of foreclosure / write off.

Income on finance leases
Income on finance leases, are recognized by applying the rate of return implicit in the underlying contracts, on the diminishing balance of the financed amount over the period of the agreement so as to provide a constant periodic rate of return on the net investment outstanding on these contracts.

3.4 Income tax:

Income tax comprises current and deferred tax. It is recognised in the statement of profit and loss except to the extent it relates to an item recognised directly in equity or other comprehensive income.

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in India where the Company operates and generates taxable income.
Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred income tax asset and liabilities are recognised for all temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statement except when the deferred income tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer reasonably certain that related tax benefit will be realized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax assets are recognised subject to management's judgment that their future realisation is reasonably certain, except where there is unabsorbed depreciation and carried forward losses under taxation laws.
Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity).

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Minimum alternate tax (MAT)

The Company recognizes MAT credit available as an asset only to the extent that the Company, based on reasonable evidence, will be able to recoup / set off MAT credit against income tax liability during the specified period i.e. the period for which MAT credit set off is allowed. The Company reviews the MAT credit entitlement asset at each reporting date and writes down the asset to the extent the Company does not have reasonable evidence that it will be able to recoup / set off of MAT credit against the income tax liability during the specified period.

3.5 Property, plant and equipment

Property, plant and equipment are stated at historical cost inclusive of all incidental expenses incurred for acquisition of such assets, less depreciation and impairment. In respect of additions / deletions, depreciation is provided for the period for which the asset is available for use. Depreciation on property, plant and equipment is provided on a straight-line basis over the useful lives of assets.

Capital work-in-progress includes cost of property, plant and equipment under installation/ under development as at the balance sheet date and are carried at cost, comprising of direct cost, directly attributable cost and attributable interest.

Gains or losses arising from disposal of property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is disposed.

Lease hold improvements are depreciated over the lease period (including renewal, if any) or useful life whichever is shorter.

The estimated useful life of property, plant and equipment of the Company is listed below. Based on the nature of fixed assets used by the Company and past experience of its usage and internal evaluation, the Company considers that the useful life for respective assets to be appropriate.

Class of property, plant and equipment	Estimated useful life
Office buildings	50 years
Computer equipment	3 years / 4 years
Furniture and fixtures – in leased premises	6 years
Electrical installations and office equipment– in leased premises	6 years / 10 years
Vehicles- Lease	4 years

The present value of the expected cost for asset retirement obligation (ARO) related to the asset after its use is included in the cost of the respective leased asset if the recognition criteria are met. The Company records a provision for decommissioning costs to restore lease premises (Asset retirement obligation) to its original condition. Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of the cost of the particular asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognised in the statement of profit and loss as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

Property, plant and equipment 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 value-in-use) is determined on an individual asset basis unless the asset does not generate cash flow that are largely independent of this from other assets. In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs.

If such assets are considered to be impaired, the impairment to be recognized in the statement of profit and loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the statement of profit and loss if there is a change in the estimate used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

3.6 Leases

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Company’s incremental borrowing rate on commencement of the lease is used.

Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the Company is contractually required to dismantle, remove or restore the leased asset.

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

The Company as lessor

Assets given out on financial leases are shown as finance lease receivables. The rentals received on such leases are apportioned between the financial charge using the implicit rate of return, which is recognized as income; and against principal outstanding, which is reduced from the finance lease receivables.

3.7 Provisions and contingencies

Provisions are recognised when the Company has a present obligation (legal or constructive) 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 a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

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 recognised 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 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. Contingent liabilities are disclosed in the notes to the financial statements. Contingent assets are not recognised in the financial statements.

3.8 Borrowing costs

All borrowing costs are recognised as expense in the period in which they are incurred.

3.9 Employee benefits

The Company provides retirement and other benefits to its employees. Retirement benefits are in the nature of defined contribution scheme and defined benefit scheme. A defined contribution scheme is a retirement benefit scheme under which the Company contributes a defined sum into a separate entity and will have no legal or constructive obligation to contribute further amount. A defined benefit scheme is a retirement benefit scheme other than a defined contribution scheme.

Gratuity

The Company pays gratuity to employees who retire or resign after a minimum period of five years of continuous service. The Company's contributions to gratuity fund (defined benefit scheme) in respect of its employees are managed by a trust, which invests the fund with Life Insurance Corporation of India ('LIC'), a Government of India undertaking.

Actuarial valuation of the gratuity liability for the above fund is determined by an independent actuary appointed by the Company. In accordance with the gratuity fund's rules, actuarial valuation of gratuity liability is calculated based on certain assumptions regarding rate of interest, salary growth, mortality and staff attrition as per the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the Balance Sheet with a corresponding charge or credit to other comprehensive income in the period in which they occur. Remeasurements are not reclassified to statement of profit and loss in subsequent periods.
Past service costs are recognised in the statement of profit or loss on the earlier of:
•The date of the plan amendment or curtailment, and
•The date that the Company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of Profit and Loss:
•Service costs comprising current service costs; and
•Net interest expense or income

Provident fund

Retirement benefit in the form of provident fund is a defined contribution scheme. Both the employee and the employer make monthly contributions to the plan at a predetermined rate of the employees' basic salary. These contributions are made to the fund administered and managed by the Government of India. The Company's contributions are charged to statement of profit and loss on accrual basis, during the period in which the employee renders the related services. The Company has no further obligations under these plans beyond its monthly contributions.

Superannuation fund

The Company contributes to superannuation fund (defined contribution scheme) in respect of the employee opting for superannuation scheme from certain organizational level and above in a trust duly approved by the Income Tax authorities. The trust has a master policy for management of the members' fund with LIC. These contributions are charged to the statement of profit and loss during the period in which the employee renders the related services.

Long term service awards (LTSA)

The entity provides for liability towards long term service awards for eligible employees, based on length of service, based on actuarial valuation performed by an independent actuary using the Projected Unit Cost Method as at the balance sheet date.

Short term employee benefits

Employee benefits payable wholly within twelve months of receiving employee services are classified as short term employee benefits and are measured at the amounts expected to be paid when the liabilities are settled. Benefits include salaries, wages, bonus and ex gratia. The undiscounted amount of short term employee benefits to be paid in exchange for employee service is recognized as an expense as the related service is rendered by employee. The liabilities are presented as current employee benefit obligations in the Balance Sheet.

Termination benefits

Termination benefits are expensed at the earlier of when the Company can no longer withdraw the offer of those benefits and when the Company recognises costs for restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, they are discounted.

Compensated absences

No provision for compensated absences is made since the Company does not have a policy for encashment of leave nor does it allow carry forward of unavailed leave.

3.10 Share - based payments

The Company participates in ultimate holding company, Citigroup Inc. (Citi) share-based incentive plan under which Citi grants shares to the Company's employees. Pursuant to a separate Stock Plans Affiliate Participation Agreement (SPAPA) the Company makes a cash settlement to Citi for the fair value of the share-based incentive awards delivered to the Company's employees under these plans.

The Company uses equity-settled accounting for its share-based incentive plans, with separate accounting for its associated obligations to make payments to Citi. The Company recognises the fair value of the awards at grant date as a compensation expense over the vesting period, with the Company electing to account for the corresponding credit within other equity as a capital contribution from Citi. Associated obligations under the SPAPA and all amounts paid to Citi are accounted for by analogy to the requirements for cash-settled share-based transactions over the vesting period with the intercompany payable due to Citi remeasured at the reporting date and settlement date for subsequent changes in fair value and the corresponding entry recognised within other equity.

3.11 Financial instruments

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

Initial recognition and measurement

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

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

Financial assets

Classification and subsequent measurement

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

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

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

The classification requirements of financial assets are described below:

Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans disbursed, investment in corporate bonds.

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

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

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

Amortised cost: Financial assets that are held for collection of contractual cash flows where business model of those cash flows represent solely payment of principal and interest ('SPPI'), and that are not designated at FVTPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured as described in note 31. Interest income from these financial asset are recognised using the effective interest rate method.

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

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

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

Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets, except for credit-impaired financial assets (i.e. ‘stage 3’).

The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortised cost before any impairment allowance) or to the amortised cost of a financial liability. The calculation does not consider expected credit losses and includes transaction costs, premiums or discounts and fees paid or received that are integral to the effective interest rate, such as origination fees.

When a financial asset becomes credit-impaired and is regarded as ‘Stage 3’, the Company calculates interest income by applying the effective interest rate to the net carrying value of such financial asset. If the financial assets are no longer credit impaired, the Company calculates the interest income on a gross basis. Interest income on credit impaired advances are recognised on outstanding amount net of expected credit loss allowance.

Equity instruments

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

Impairment of financial assets

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

The measurement of ECL reflects:

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

The method and significant judgments used while computing the expected credit losses and information about the exposure at default, probability of default and loss given default have been set out in note 32.

Write-off policy

The Company writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery.
For retail clients, the Company writes off financial assets prudentially, basis the duration of delinquency.

Derecognition of financial assets

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

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

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

Loan commitments

Loan commitments provided by the Company are measured as per financial instrument classification less loss allowance. For loan commitments, the loss allowance is recognised as a provision. However, for contracts that include both a loan and an undrawn commitment and the Company cannot separately identify the expected credit losses on the undrawn commitment component from those on the loan component, the expected credit losses on the undrawn commitment are recognised together with the loss allowance for the loan.

Financial liabilities

Classification and subsequent measurement

Financial liabilities are classified at amortised cost, except for:

Financial liabilities at fair value through profit or loss: This classification is applied to derivatives and financial liabilities held for trading and other financial liabilities designated as such at initial recognition.

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

Derecognition of financial liabilities

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

Reclassification of financial instrument

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

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

Offsetting of financial instruments

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

Derivatives

Derivatives are initially recognised at fair value on the date on which the derivative contract is entered into and are subsequently measured at fair value.

Embedded derivatives

The embedded derivatives are treated as separate derivatives when:
- their economic characteristics and risks are not closely related to those of the host contract;
- a separate instrument with the same terms would meet the definition of a derivative; and

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract, with the effect that some of the cash flows of the combined instrument vary in a way similar to a standalone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to an index of prices or rates or other variable. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

These embedded derivatives are separately accounted for at fair value, with changes in fair value recognised in the statement of profit or loss unless the Company chooses to designate the hybrid contracts at fair value through profit or loss.

Certain market linked non-convertible debentures issued by the Company have returns linked to non-interest related benchmarks. The Company has opted to designate the entire hybrid contract at FVTPL as the embedded derivative significantly modifies the cash flows that otherwise would be required by the contract. Further, the embedded derivative is not closely related to the financial liability host contract.

3.12 Loan assignment

The Company undertakes sale of loans by way of assignment.

In most cases, post assignment, the Company continues to service the loans transferred to the assignee in the capacity of a servicing agent on negotiated commercial terms. The Company does not provide credit enhancement on such assignment.

The Company recognizes entire gain/loss upon derecognition of a loan.

Classification of financial instruments sold by way of loan assignment is applicable to the business segment as a whole, including loans retained by the Company to comply with minimum retention requirements in accordance with Master Direction DNBR.PD.008/03.10.119/2016-17 dated September 1, 2016 – Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 and amendments thereto.

3.13 Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short term investments with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

3.14 Earnings per share ('EPS')

The basic EPS is computed by dividing the net profit attributable to the equity shareholders by the weighted average number of equity shares outstanding during the reporting year. Number of equity shares used in computing diluted EPS comprises the weighted average number of shares considered for deriving basic earnings per share and also weighted average number of equity shares, which would have been issued on the conversion of all dilutive potential shares. Diluted EPS is computed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the year except where the results would be anti-dilutive.

3.15 Standards issued but not yet effective

On 24 March 2021, the Ministry of Corporate Affairs ('MCA') through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III are applicable from 1 April 2021.There are neither new standards nor amendments to existing standards which are effective for the annual period beginning from 01 April 2021.

All amounts are in INR lakhs except per share data and unless stated otherwise

Note 4 - Cash and cash equivalents

Particulars	As at 31 March 2021	As at 31 March 2020
Cash on hand	-	-
Balance with banks		
- In current accounts	36,464	4,578
- In fixed deposits (with original maturity of less than 3 months)	106,225	93,903
Cheques on hand	42	34
Total	**142,731**	**98,515**

Refer note 35 for balances with related parties.
Note: The cash and cash equivalents for cash flow statements is same as cash and cash equivalents given above.

Note 5 - Bank balance other than cash and cash equivalents above

Particulars	As at 31 March 2021	As at 31 March 2020
Margin money deposit	11,829	11,344
Fixed Deposit	2,657	2,562
Total	**14,486**	**13,906**

1. Fixed deposit includes lien marked deposits of INR 2,525 (31 March 2020: INR 2,440) for securitization transactions executed in prior years.
2. Refer note 35 for fixed deposits with related parties.

Note 6 - Derivative financial assets and liabilities

Particulars	As at 31 March 2021	As at 31 March 2020
Derivative financial assets		
Equity linked derivatives (futures and options)	2,797	6,646
Total	**2,797**	**6,646**
Derivative financial liabilities		
Equity linked derivatives (futures and options)	1,083	7,530
Total	**1,083**	**7,530**
Notional amount	**66,072**	**102,767**

Note 7 - Receivables

Particulars	As at 31 March 2021	As at 31 March 2020
Trade receivables		
Receivables considered good - Secured	-	-
Receivables considered good - Unsecured	1,367	2,403
Less: Expected credit loss	-	-
Subtotal	**1,367**	**2,403**
Other receivables		
Receivables considered good - Unsecured	1,964	629
Less: Expected credit loss	-	-
Subtotal	**1,964**	**629**
Total	**3,331**	**3,032**

1. No amount of trade or other receivables are due from directors or other officers of the Company either severally or jointly with any other person.

2. Refer note 35 for receivables from related parties.

Notes to the financial statements *(continued)*

for the year ended 31 March 2021
All amounts are in INR lakhs except per share data and unless stated otherwise

Note 8 - Loans

Particulars	As at 31 March 2021			As at 31 March 2020		
	Amortised cost	Fair value through OCI	Total	Amortised cost	Fair value through OCI	Total
Loans						
Bills purchased and bills discounted	-	-	-	46,501	-	**46,501**
Loans repayable on demand	426,793	-	**426,793**	452,679	-	**452,679**
Term loans	124,266	208,105	**332,371**	274,941	90,836	**365,777**
Deposits	86	-	**86**	99	-	**99**
Total (Gross)	**551,145**	**208,105**	**759,250**	**774,220**	**90,836**	**865,056**
Less: Expected credit loss	(6,523)	(2,983)	**(9,506)**	(5,752)	(1,559)	**(7,311)**
Total (Net)	**544,622**	**205,122**	**749,744**	**768,468**	**89,277**	**857,745**
Secured by tangible assets	336,056	208,105	544,161	386,661	90,836	477,497
Unsecured	215,089	-	215,089	387,559	-	387,559
Total (Gross)	**551,145**	**208,105**	**759,250**	**774,220**	**90,836**	**865,056**
Less: Expected credit loss	(6,523)	(2,983)	**(9,506)**	(5,752)	(1,559)	**(7,311)**
Total (Net)	**544,622**	**205,122**	**749,744**	**768,468**	**89,277**	**857,745**
Advances in India						
Public sector	-	-	-	-	-	-
Other than public sector	551,145	208,105	759,250	774,220	90,836	**865,056**
Total (Gross)	**551,145**	**208,105**	**759,250**	**774,220**	**90,836**	**865,056**
Less: Expected credit loss	(6,523)	(2,983)	**(9,506)**	(5,752)	(1,559)	**(7,311)**
Total (Net)	**544,622**	**205,122**	**749,744**	**768,468**	**89,277**	**857,745**

Notes to the financial statements *(continued)*
for the year ended 31 March 2021
All amounts are in INR lakhs except per share data and unless stated otherwise

Note 9 - Investments

Particulars	As at 31 March 2021	As at 31 March 2020
In India		
At cost		
Equity shares of associate	8,700	8,700
At fair value through profit or loss		
Corporate bonds (quoted)	98,233	54,450
Equity shares (unquoted)	6,244	4,280
Total	**113,177**	**67,430**

Refer note 35 for investments in related parties.

Note 10 - Other financial assets

Particulars	As at 31 March 2021	As at 31 March 2020
Margin money	4,277	4,440
Other deposits	27	2
Total	**4,304**	**4,442**

Notes to the financial statements *(continued)*
for the year ended 31 March 2021
All amounts are in INR lakhs except per share data and unless stated otherwise

Note 11 - Property, plant and equipment

Particulars	Gross block				Accumulated depreciation				Net block	
	As at 01 April 2020	Additions	Deletions	As at 31 March 2021	As at 01 April 2020	For the year	Deductions	As at 31 March 2021	As at 31 March 2021	As at 31 March 2020
Owned assets										
Property, Plant and Equipment										
Building	61	-	7	**54**	25	1	3	**23**	**31**	36
Freehold land	5	-	3	**2**	-	-	-	**-**	**2**	5
Furniture and fixtures	69	-	5	**64**	28	13	5	**36**	**28**	41
Office equipments	181	5	50	**136**	137	13	49	**101**	**35**	44
Electrical installations	523	-	48	**475**	255	72	41	**286**	**189**	268
Computer equipments	562	33	385	**210**	519	23	384	**158**	**52**	43
Asset retirement obligation	48	-	42	**6**	47	1	42	**6**	**-**	1
Subtotal	**1,449**	**38**	**540**	**947**	**1,011**	**123**	**524**	**610**	**337**	438
Leased assets										
Leasehold Premises	899	629	-	**1,528**	264	222	**-**	**486**	**1,042**	635
Vehicles taken on lease	80	-	80	**-**	80	-	80	**-**	**-**	-
Total	**2,428**	**667**	**620**	**2,475**	**1,355**	**345**	**604**	**1,096**	**1,379**	1,073
Capital work-in-progress	-	16	-	**16**	-	-	-	**-**	**16**	-

Particulars	Gross block				Accumulated depreciation				Net block	
	As at 01 April 2019	Additions	Deletions	As at 31 March 2020	As at 01 April 2019	For the year	Deductions	As at 31 March 2020	As at 31 March 2020	As at 31 March 2019
Property, Plant and Equipment										
Building	61	-	-	**61**	24	1	-	**25**	36	37
Freehold land	5	-	-	**5**	-	-	-	**-**	5	5
Furniture and fixtures	42	27	-	**69**	25	3	-	**28**	41	17
Office equipments	138	43	-	**181**	116	21	-	**137**	44	22
Electrical installations	389	134	-	**523**	207	48	-	**255**	268	182
Computer equipments	541	42	21	**562**	510	30	21	**519**	43	31
Asset retirement obligation	53	-	5	**48**	40	12	5	**47**	1	13
Sub-Total	**1,229**	**246**	**26**	**1,449**	**922**	**115**	**26**	**1,011**	438	307
Leased assets										
Leasehold Premises	**-**	899	-	**899**	**-**	**264**	**-**	**264**	635	-
Vehicles taken on lease	87	-	7	**80**	80	-	-	**80**	-	7
Total	**1,316**	**1,145**	**33**	**2,428**	**1,002**	**379**	**26**	**1,355**	1,073	314
Capital work-in-progress	-	-	-	-	-	-	-	-	-	-

All amounts are in INR lakhs except per share data and unless stated otherwise

Note 12 - Other non-financial assets

Particulars	As at 31 March 2021	As at 31 March 2020
Deposits with statutory authorities	524	523
Prepaid expenses	303	309
Net input tax credit (refer note below)	156	41
Total	**983**	**873**

Input tax credit	11,354	10,892
Provision for input tax credit	(11,198)	(10,851)
Net input tax credit	**156**	**41**

Note 13 - Debt securities

Particulars	As at 31 March 2021	As at 31 March 2020
In India		
At amortised cost		
Non convertible debentures	220,869	201,121
At fair value through profit or loss		
Market linked non convertible debentures	148,418	200,056
Total	**369,287**	**401,177**

Refer note 44 for details of debt securities.

Note 14 - Borrowings (other than debt securities)

Particulars	As at 31 March 2021	As at 31 March 2020
In India		
At amortised cost		
Secured		
Loans repayable on demand from banks	-	50,051
Finance lease obligations	-	3
Unsecured		
Inter corporate borrowings	258,268	206,248
Loans repayable on demand from banks	1,632	4,919
Total	**259,900**	**261,221**

Refer note 43 for details of borrowings.

Note 15 - Other financial liabilities

Particulars	As at 31 March 2021	As at 31 March 2020
Dealer held disbursal and other liabilities	5,812	2,149
Collection payables on servicing portfolio	2,669	2,272
Total	**8,481**	**4,421**

Refer note 35 for payables to related parties.

Notes to the financial statements *(continued)*
for the year ended 31 March 2021
All amounts are in INR lakhs except per share data and unless stated otherwise

Note 16 - Provisions

Particulars	As at 31 March 2021	As at 31 March 2020
Provision for employee benefits:		
Gratuity (refer note 41)	283	248
Employee benefits	19	18
Bonus	137	59
Others	-	14
Provision for others:		
Securitization	96	368
Value added tax	24	54
Legal and regulatory	923	1,051
Asset retirement obligations	46	43
Expected credit loss on loan commitments	49	60
Total	**1,577**	**1,915**

Note 17 - Other non-financial liabilities

Particulars	As at 31 March 2021	As at 31 March 2020
Statutory dues payable	125	98
Others	1,935	988
Total	**2,060**	**1,086**

Note 18 - Equity share capital

Particulars	As at 31 March 2021	As at 31 March 2020
Authorised share capital		
5,269,333,333 (31 March 2020: 5,269,333,333) Equity shares of INR 7.50 each	**395,200**	395,200
Issued, subscribed and paid up		
3,857,727,031 (31 March 2020: 3,857,727,031) Equity shares of INR 7.50 each	**289,330**	289,330
Total	**289,330**	289,330

Reconciliation of number of shares

Particulars	As at 31 March 2021	As at 31 March 2020
At the beginning of the year	**3,857,727,031**	**3,857,727,031**
Issued during the year	-	-
At the end of the year	**3,857,727,031**	**3,857,727,031**

Terms and rights attached to equity shares

The Company has only one class of equity shares having a par value of INR 7.50 per share. All these shares have the same rights and preferences with respect to payment of dividend, repayment of capital and voting.
In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Shares of the Company held by the holding companies

Particulars	As at 31 March 2021	As at 31 March 2020
Associates Financial Services (Mauritius) LLC	52.94%	52.94%
Citibank Overseas Investment Corporation	47.06%	47.06%

Details of shareholding more than 5% shares in the Company

Particulars	As at 31 March 2021	As at 31 March 2020
Associates Financial Services (Mauritius) LLC	2,042,338,070	2,042,338,070
Citibank Overseas Investment Corporation	1,815,388,961	1,815,388,961

Refer note 33 for information of the Company's objectives, policies and process of managing capital.

Notes to the financial statements *(continued)*
for the year ended 31 March 2021
All amounts are in INR lakhs except per share data and unless stated otherwise

Note 19 - Interest income

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Interest on financial instruments measured at amortised cost		
Loans	50,461	73,133
Deposits with banks	992	1,544
Finance leases	-	6
Interest on financial instruments measured at FVOCI		
Loans	8,625	3,263
Interest on financial instruments measured at FVTPL		
Investments	4,076	1,833
Total	**64,154**	**79,779**

Note 20 - Dividend income

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Associates	252	252
Others	563	81
Total	**815**	**333**

Note 21 - Fees and commission income

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Collection and sourcing fees	2,755	6,927
Other fees	226	106
Total	**2,981**	**7,033**

Note 22 - Net gain/(loss) on fair value changes

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
a) on financial instruments designated at fair value through profit and loss account-		
Gain/(loss) on fair value of market linked non convertible debentures	(1,142)	(3,405)
Gain/(loss) on derivatives (net)	4,815	(1,778)
Gain/(loss) on fair value of investments classified as FVTPL	4,025	(1,115)
Total	**7,698**	**(6,298)**
Fair Value changes:		
Unrealised gain/(loss)	(17,003)	6,006
Realised (loss)/gain	24,701	(12,304)
Total	**7,698**	**(6,298)**

Note 23 - Other revenue from operations

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Gain on assignment	318	382
Other revenue	33	89
Total	**351**	**471**

Notes to the financial statements ***(continued)***
for the year ended 31 March 2021
All amounts are in INR lakhs except per share data and unless stated otherwise

Note 24 - Other income

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Reversal of provision for value added tax	-	168
Reversal of provision for securitisation	-	1,184
Miscellaneous income	1,804	1,206
Reversal of provision for litigation (net)	124	105
Interest on lease deposits	6	13
Total	**1,934**	**2,676**

Note 25 - Finance costs

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Interest on financial liabilities measured at amortised cost		
Non convertible debentures	7,627	6,425
Inter corporate borrowings	8,048	11,102
Commercial paper	-	1,356
Borrowings from banks	21	936
Finance lease	1	4
Others	96	95
Interest on financial liabilities designated at FVTPL		
Market linked non convertible debentures	11,257	17,455
Total	**27,050**	**37,373**

Note 26 - Fees and commission expense

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Transfer pricing fees (refer note - Note 42H)	5,432	5,322
Fees and commission expense	1,566	2,149
Distribution and placement fees	537	842
Brokerage	184	114
Total	**7,719**	**8,427**

Note 27 - Impairment on financial instruments

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Financial instruments measured at amortised cost		
Write offs (net of recoveries)	5,871	3,851
Expected credit loss on loans	771	1,809
Expected credit loss on other assets	2	2
Financial instruments measured at FVOCI		
Expected credit loss on loans	1,413	1,418
Write offs (net of recoveries)	249	(72)
Total	**8,306**	**7,008**

Notes to the financial statements *(continued)*

for the year ended 31 March 2021
All amounts are in INR lakhs except per share data and unless stated otherwise

Note 28 - Employee benefits expenses

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Salaries, wages and bonus	4,617	3,763
Contribution to provident fund and other funds	237	222
Gratuity (Refer note 41)	85	74
Other expenses	31	21
Total	**4,970**	**4,080**

Note 29 - Other expenses

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Rent	679	721
Premises maintenance costs	561	568
Bank charges	52	185
Net loss/(gain) on derecognition of property, plant and equipment	13	(6)
Credit rating and surveillance fees	130	71
Service bureau expenses	1,606	3,102
Technology and software expenses	1,153	1,303
Stamping / franking charges	65	271
Travelling and conveyance expenses	160	381
Telephone expenses	30	37
Professional and legal expenses	316	526
Collection expenses	1,767	1,864
HR processing charges	47	50
Payments to the auditors		
(a) Statutory Audit	60	59
(b) Tax audit	8	9
(c) Limited Review	12	6
(d) Reimbursement of expenses	8	8
Corporate social responsibility expenses (refer note 39)	848	509
Miscellaneous expenses	344	326
Total	**7,859**	**9,990**

Notes to the financial statements *(continued)*
for the year ended 31 March 2021
All amounts are in INR lakhs except per share data and unless stated otherwise

Note 30 - Income tax

a) The components of income tax expense are:

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Current tax		
Current tax on profits for the year	3,913	3,638
Adjustments for current tax of prior periods	-	-
Total current tax expense	**3,913**	**3,638**
Deferred tax		
Decrease/(Increase) in deferred tax assets	8,067	483
(Decrease)/ Increase in deferred tax liabilities	(5,731)	1,298
Total deferred tax expense	**2,336**	**1,781**
Total tax expense	**6,249**	**5,419**

b) Tax charge recognised directly to other comprehensive income

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Deferred tax expense/(benefit)	(446)	(944)
Total tax charge/(benefit) recognized directly in other comprehensive income	**(446)**	**(944)**

c) Reconciliation of the total tax charge

The table below explains the differences between the expected tax expense, at the Indian statutory tax rate payable by corporate entities in India on taxable profits under tax laws in India, and the Company's total tax expense for the year.

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Accounting profit before tax	21,684	16,737
Tax at India's statutory income tax rate of 34.944% (31 March 2019 34.944%)	**7,577**	**5,849**
Tax effect of the amount which are not taxable in calculating taxable income :		
- Dividend Income not liable to tax	-	(116)
- Expenses related to Dividend Income	-	47
- CSR expenses (net of benefit of deduction)	239	89
- Education cess	(160)	-
- Other	(1,407)	(450)
Income tax expense	**6,249**	**5,419**
Effective tax rate	**28.82%**	**32.38%**

d) Current tax assets

Particulars	As at 31 March 2021	As at 31 March 2020
Advance income tax (net of provision for tax)	19,042	18,649
Total	**19,042**	**18,649**

All amounts are in INR lakhs except per share data and unless stated otherwise

e) Deferred tax assets/liabilities

The balance comprises temporary differences attributable to the below items and corresponding movement in deferred tax liabilities / assets:

Particulars	As at 31 March 2020	(Charged)/ credited to profit and loss	(Charged)/ credited to OCI	As at 31 March 2021
Deferred tax liability :				
Fair value of derivatives and Investments	(4,429)	5,730	-	1,302
Lease rental receivable	(1)	1	-	-
Changes in fair value of FVOCI debt instruments	(1,273)	-	(472)	(1,745)
	(5,703)	**5,731**	**(472)**	**(443)**
Deferred tax asset :				
Provisions on financial assets	6,843	(4,136)	-	2,707
Property, plant and equipment	2,903	(364)	-	2,539
Disallowance of expenses	137	(30)	-	107
Interest accrued on debentures	6,042	(790)	-	5,252
Remeasurement of defined benefit obligation at FVOCI	42	-	26	68
Others	10	5,223	-	5,233
	15,978	**(97)**	**26**	**15,906**
MAT Credit available	13,267	(7,970)	-	5,567
Net deferred tax asset/(liability)*	**23,541**	**(2,336)**	**(446)**	**21,029**

Particulars	As at 31 March 2019	(Charged)/ credited to profit and loss	(Charged)/ credited to OCI	As at 31 March 2020
Deferred tax liability :				
Fair value of derivatives	(2,854)	(1,960)	-	(4,814)
Lease rental receivable	(6)	5	-	(1)
Changes in fair value of FVOCI debt instruments	(304)	-	(969)	(1,273)
Fair value of investments	(272)	657	-	385
	(3,436)	**(1,298)**	**(969)**	**(5,703)**
Deferred tax asset :				
Provisions on financial assets	6,284	559	-	6,843
Property, plant and equipment	3,981	(1,078)	-	2,903
Disallowance of expenses	186	(49)	-	137
Interest accrued on debentures	5,947	95	-	6,042
Remeasurement of defined benefit obligation at FVOCI	17	-	25	42
MAT Credit available	13,538	-	-	13,538
Others	19	(9)		10
	29,971	**(483)**	**25**	**29,515**
Less: Utilisation of MAT credit towards provision for tax				(271)
Net deferred tax asset/(liability)	**26,536**	**(1,781)**	**(944)**	**23,541**

Note 31 - Fair value measurements

a) Fair value measurement
As per Ind AS 113, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It is a measure as at a specific date and may be significantly different from the amount which will actually be paid or received on maturity or settlement date. The standard also provides a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value, which gives highest priority to quoted prices.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. Assets and liabilities are classified as Level 1 if their value is observable in an active market.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. A Level 2 input must be observable for substantially the full term of the instrument. Level 2 inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves observable at commonly quoted intervals, implied volatilities; and credit spreads.

Level 3 inputs are unobservable inputs. Assets and liabilities are classified as Level 3 if their valuation incorporates significant inputs that are not based on observable market data.

Wherever possible, fair values have been calculated using unadjusted quoted market prices in active markets for identical instruments held by the Company. Where quoted market prices are not available, or are unreliable because of poor liquidity, fair values have been determined using valuation techniques which, to the extent possible, use market observable inputs, but in some cases may also use non-market observable inputs also. Valuation techniques used include discounted cash flow analysis, price to earning ratio and, where appropriate, comparison to instruments with characteristics similar to those of the instruments held by the Company after making necessary adjustments (eg. broker polling method).

b) Valuation techniques

- The fair value of exchange traded and OTC derivatives are determined using valuation models when quoted market prices or third-party consensus pricing information are not available. The valuation models, such as discounted cash flow method or Black-Scholes option model, incorporate observable or unobservable inputs for interest rates, equity indices, credit spreads, corresponding market volatility levels, and other market-based pricing factors. The Company uses widely recognised valuation models to determine the fair value of financial instruments. The inputs of the models are usually observable and available in the market for exchange traded derivatives and simple OTC derivatives. Use of observable inputs for valuation of derivative instrument are classified as Level 2 in the hierarchy (as stated above) where available and the unobservable inputs used are not significant to the fair value of the derivatives.

- Loans measured at fair value through other comprehensive income are valued using income approach wherein, the future cash inflows are discounted using appropriate broker quotes. These broker quotes are obtained from the market participants as exit price for similar loan portfolio. Use of broker quotes is classified as Level 2 in the fair value heirarchy, being quoted price for similar financial assets.

- Investment in equity shares consist of unlisted equity shares. For unlisted equity shares, fair value is determined based on quoted market prices for similar securities or through valuation techniques, such as multiples of earnings or net asset value method. A liquidity discount is applied when few or no transactions exist to support the valuations. In case of unlisted equity shares, significant inputs being unobservable, they are classified as Level 3 in the fair value hierarchy.

-Investment in debt securities are valued basis rates provided by Fixed Income Money Market and Derivatives Association of India (FIMMDA). Use of FIMMDA rate is classified as Level 2 in the fair value hierarchy.

- Market linked non convertible debentures are fair valued based on fair valuation of the underlying embedded derivative and the host principal.
Embedded derivatives linked to equity index are measured basis valuation models for determination of fair value of derivatives stated above. The fair value of host contract (principal component) is derived using broker polling method by obtaining quotes of similar instruments. Inputs used for fair valuation of market linked convertible debentures are classified as Level 2 in the fair value heirarchy as they are directly or indirectly observable in the market. No significant unobservable inputs are used in valuation of market linked non convertible debentures.

c) Valuation Control framework
The Company uses models for valuation of financial instruments which are subject to due diligence before becoming operational and goes through periodic assessment. These models are assessed by the Market Risk Management team housed under Risk Management. The key elements of the framework for the valuation of financial instruments include model validation, model implementation review and independent verification. Additionally, for fair values determined using valuation models, the control framework also includes development or validation by independent support functions of the model logic, inputs, model outputs and adjustments.

All amounts are in INR lakhs except per share data and unless stated otherwise

d) Financial instruments by category

Particulars	As at 31 March 2021			As at 31 March 2020		
	FVTPL	FVOCI	At Amortised Cost	FVTPL	FVOCI	At Amortised Cost
Financial Assets						
Cash and cash equivalents	-	-	142,731	-	-	98,515
Bank balance other than cash and cash equivalents above	-	-	14,486	-	-	13,906
Derivative financial assets	2,797	-	-	6,646	-	-
Trade receivables			1,367			2,403
Other receivables	-	-	1,964	-	-	629
Loans	-	205,122	544,622	-	89,277	768,468
Investments	104,477	-	-	58,730	-	-
Other financial assets	-	-	4,304	-	-	4,442
Total financial assets	**107,274**	**205,122**	**709,474**	**65,376**	**89,277**	**888,363**
Financial Liabilities						
Derivative financial liabilities	1,083	-	-	7,530	-	-
Trade Payables	-	-	10,558	-	-	5,371
Debt securities	148,418	-	220,869	200,056	-	201,121
Borrowings (other than debt securities)	-	-	259,900	-	-	261,221
Other financial liabilities	-	-	8,481	-	-	4,421
Total financial liabilities	**149,501**	**-**	**499,808**	**207,586**	**-**	**472,134**

Note: Investment in associate amounting to INR 8,700 (31 March 2020: INR 8,700) is carried at cost in accordance with Ind AS 27 and does not form part of the above.

e) Fair value hierarchy

Financial asset and liabilities measured at fair value - recurring fair value measurements	As at 31 March 2021			As at 31 March 2020		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets measured at - Fair value through profit and loss						
Derivative financial assets	-	2,797	-	-	6,646	-
Investments	-	98,233	6,244	-	54,450	4,280
Fair value through other comprehensive income						
Loans	-	205,122	-	-	89,277	-
Total	**-**	**306,152**	**6,244**	**-**	**150,373**	**4,280**
Financial liabilities measured fair value through profit and loss						
Derivative financial instruments	-	1,083	-	-	7,530	-
Debt securities	-	148,418	-	-	200,056	-
Total	**-**	**149,501**	**-**	**-**	**207,586**	**-**

Financial assets and liabilities measured at amortised cost for which fair value is disclosed	Fair value hierarchy	As at 31 March 2021		As at 31 March 2020	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets					
Loans	Level 3	544,622	540,510	768,468	755,335
Financial liabilities					
Debt securities	Level 3	220,869	221,342	201,121	201,736
Inter-corporate borrowing	Level 3	258,268	258,028	206,248	205,909

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

f) Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items for the periods ended 31 March 2021 and 31 March 2020:

	As at 31 March 2021	As at 31 March 2020
As at begining of the year	**4,280**	**5,377**
Transfer between Levels	-	-
Gains / (losses) recognised in profit and loss	1,964	(1,097)
As at end of the year	**6,244**	**4,280**

g) Valuation inputs and relationships to fair value

Particulars	Valuation technique	Significant unobservable inputs	Change in input	As at 31 March 2021	As at 31 March 2020
Investments in unquoted equity shares	P/E multiples	Earnings growth rate	± 1.5%	110/(110)	55/(55)
		Liquidity discounts	± 10%	(857)/857	(526)/526

Note 32 - Financial Risk Management

The Company's activities expose it to credit risk, liquidity risk and market risk. This note explains the sources of risk which the Company is exposed to, how the Company manages the risk and the related accounting impact in the financial statements.

Risk type	Nature of risk	Risk arising from	Risk management process
Credit risk	Credit risk is the risk of loss resulting from the decline in credit quality (or downgrade risk) or failure of a borrower, counterparty, third party or issuer to honor its financial or contractual obligations.	Credit risk arises principally from lending and investment.	Credit risk is: - measured as the amount that could be lost if a customer or counterparty fails to make repayments. The Company considers the amount of principal outstanding and interest due as credit exposure from its borrowers; - monitored using various internal risk management measures and within limits approved by individuals within a framework of delegated authorities; and - managed through a robust risk control framework and governance process, which outlines clear and consistent policies, principles and guidance for risk managers for credit sanctioning, lending and risk monitoring.
Liquidity risk	Liquidity risk is the risk that the Company does not have sufficiently stable and diverse sources of funding. Also the risk of insufficient financial resources to meet our commitments as they fall due.	Liquidity risk arises from mismatches in the timing of cash flows.	Liquidity risk is: - assessed through the internal liquidity adequacy assessment process (‘RLAP’); - monitored against the Group’s liquidity and funding risk framework; and - maintaining a contingency funding plan detailing actions and strategies available in stressed conditions.
Market risk	Market risk is the risk of loss arising from changes in the value of the Company's assets and liabilities resulting from changes in market variables (for eg.interest rates).	Structured notes, Investments held for trading, loans carried at fair value through other comprehensive income.	Market risk is: - measured using sensitivities and stress testing using factor sensitivities for market movements and scenarios; - managed by Market Risk Management (MRM) - reports and monitors the trading risk exposures against approved limits and triggers on a daily basis.

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

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

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

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for the year ended 31 March 2021
All amounts are in INR lakhs except per share data and unless stated otherwise

Note 32 - Financial Risk Management (Continued)

A. Credit risk

Credit risk is the risk of loss resulting from the decline in credit quality or the failure of a borrower, counterparty, third party or issuer to honor its financial or contractual obligations. Credit risk mainly arises from CFIL's lending business activity which can be classified as below:
a) Loans and advances to corporate customers and HNIs i.e. High networth individuals
b) Loans and advances to other retail customers (other retail loans)
Credit risk also arises from concentration of exposure within a specific client, industry, region or other category.

i) Credit quality analysis and credit exposure
The Company assesses and manages credit risk based on assessment of obligor risk using obligor risk rating (ORR) for loans and advances to corporate customers and HNIs.

Asset backed Finance business is made up of smaller exposures with homogeneous credit risk characteristics, where the underwriting process is rules-based, rather than judgmental, and where collection activities and write-offs are primarily driven by the number of days past due. The Company assesses and manages credit risk based on assessment of obligor risk using the defined Risk Acceptance Criteria (RAC) for extending loans to procure Commercial Vehicles and Construction Equipment. The RACs broadly include Assessment of KYC and Management, Review of Credit Bureau Checks etc.

Personal Loan business is made up of individual loans, where the underwriting process is rules-based, rather than judgmental. The Company assesses and manages credit risk based on the defined Risk Acceptance Criteria (RAC) for extending loans to Individuals for personal use only. The RACs broadly includes review of Credit Bureau, Income and customers' ability to Pay. PIL underwriting is completely based on validated income. Each PIL application passes through the robust custom Application Scorecard. This scorecard is the best Risk differentiator for underwriting."

For Corporate customers and HNIs the Credit risk team assesses and maintains the internal risk rating system. Obligor risk rating assessment is done for each obligor availing credit facilities. The Company assigns ORRs to each obligor based on assumptions, inputs and factors specific to the obligor. The credit quality classification can be mapped to the obligor risk rating grade equivalent for loans and advances to corporate customers and HNIs. The ORR grades are mapped to the external ratings grade issued by Credit Rating Agencies.

The ORR 23 grade scale (1-10 including modifiers,e.g. 1,2+,2,2- and so on) summarises a more granular underlying 23 grade scale of obligor probability of default ('PD'). All corporate obligors are rated using the 23 grade scale, as per the Company's assessment. Each ORR band is associated with an external rating grade by reference to long-run default rates for that grade, represented by the average of issuer-weighted historical default rates. This mapping between internal and external ratings is indicative and may vary over time. The said mapping between internal and external ratings have been summarised below.

Internal ratings category	Credit risk category	External ratings		Probability of default (PD)
		S&P's	Moody's	
Grades: 1 to 4-	Low	AAA to BBB-	Aaa to Baa3	0% to 0.34%
Grades: 5+ to 5-	Medium	BB+ to BB-	Ba1 to Ba3	0.89% to 3.39%
Grades: 6+ to 6-	High	B+ to B-	B1 to B3	5.57% to 12.16%
Grades: 7+ to 7-	Watchlist	CCC+ to CCC-	Caa1 to Caa3	16.64% to 22.13%
Grades: 8 to 10	Default	SD/D	-	-

The following tables set out information about the credit quality of loans and advances to Corporates and HNIs.

Internal rating grades (ORR)	Credit risk category	Stage 1	Stage 2	Stage 3	Total
As at 31 March 2021					
Grades: 1 to 4-	Low	262,829	-	-	262,829
Grades: 5+ to 5-	Medium	134,931	-	-	134,931
Grades: 6+ to 6-	High	10,160	-	-	10,160
Grades: 7+ to 7-	Watchlist	17,000	-	-	17,000
Grades: 8 to 10	Default	-	-	-	-
Principal outstanding		**424,920**	**-**	**-**	**424,920**
Interest accrued but not collected		1,873	-	-	1,873
Total exposure		**426,793**	**-**	**-**	**426,793**
Less: expected credit losses on total exposure		(387)	-	-	(387)
Net carrying amount		**426,406**	**-**	**-**	**426,406**
As at 31 March 2020					
Grades: 1 to 4-	Low	434,796	-	-	434,796
Grades: 5+ to 5-	Medium	98,698	3,500	-	102,198
Grades: 6+ to 6-	High	28,380	-	-	28,380
Grades: 7+ to 7-	Watchlist	-	-	-	-
Grades: 8 to 10	Default	-	-	-	-
Principal outstanding		**561,874**	**3,500**	**-**	**565,374**
Interest accrued but not collected		6,817	25	-	6,842
Total exposure		**568,691**	**3,525**	**-**	**572,216**
Less: expected credit losses on total exposure		(690)	(10)	-	(700)
Net carrying amount		**568,001**	**3,515**	**-**	**571,516**

All amounts are in INR lakhs except per share data and unless stated otherwise

The following tables set out information about the credit quality of loans and advances to other retail customers.

Particulars	Loans carried at amortised cost	Loans carried at FVOCI	Commited lines of credit
As at 31 March 2021			
Stage 1	117,385	199,615	4,730
Stage 2	1,838	1,916	-
Stage 3	16	363	-
Total exposure	**119,239**	**201,894**	**4,730**
Less: expected credit losses on total exposure	(6,138)	(2,982)	(49)
Net carrying amount	**113,101**	**198,912**	**4,681**
As at 31 March 2020			
Stage 1	192,114	85,743	15,567
Stage 2	1,477	619	-
Stage 3	696	112	-
Total exposure	**194,287**	**86,474**	**15,567**
Less: expected credit losses on total exposure	(5,052)	(1,559)	(60)
Net carrying amount	**189,235**	**84,915**	**15,507**

The following table sets out information about the credit quality of investments in debt instruments measured at fair value through P&L.The amounts in the table represent gross carrying amounts which is also the maximum credit exposure of the financial assets.

Particulars	As at 31 March 2021	As at 31 March 2020
Rated AA and above	98,233	54,450
Rated A- to A+	-	-
Total	**98,233**	**54,450**

Cash and cash equivalents and other bank balances
The Company holds cash and cash equivalents of INR 142,731 and other bank balances of INR 14,486 as at 31 March 2021 (31 March 2020: INR 98,515 and INR 13,906).The Company maintains its Cash and cash equivalents and Bank deposits with banks having low credit risk as per the internal obligor risk rating and also reviews the credit-worthiness of the banks on an on-going basis. The Company has provided for expected credit losses on its exposure on margin money held for derivatives and fixed deposits.

ii) Collateral held
The Company generally accepts bank deposits, financial assets, marketable securities, inventories and real estate as collaterals in the case of secured loans. As of 31 March 2021, 71.97% of the aggregate principal amount of the Company's loans were secured by collateral (31 March 2020: 55.23%). 28.03% of the Company's loans were unsecured as at 31 March 2021(31 March 2020: 44.77%).

At March 31, 2021, the net carrying amount of credit-impaired loans and advances amounted to INR 379 (31 March 2020: INR 808) and the value of identifiable collateral held against those loans and advances amounted to INR 283 (31 March 2020: INR 113).

The following table sets out the principal types of collateral held against different types of financial assets.

Instrument type	Percentage of exposure that is subject to collateral requirements		Principal type of collateral held
	As at 31 March 2021	As at 31 March 2020	
Loans and advances to corporate customers and HNIs			
Corporate loans	18%	24%	Book debts, inventories and financial assets
Margin and securities backed finance	100%	100%	Financial assets
Loans and advances to other retail customers			
Personal loans	0%	0%	Unsecured
Advance against financial assets	NA	100%	Financial assets
Asset backed finance	100%	100%	Commercial vehicles and construction equipments

Notes to the financial statements *(continued)*
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The following tables stratify credit exposures for margin lending loans by ranges of loan-to-value (LTV) ratio. LTV is calculated as the ratio of the gross amount of the loan to the value of the collateral. The valuation of the collateral excludes any adjustments for obtaining and selling the collateral. The maximum loan to value is basis the local regulatory norms for margin lending loans. The collateral value for marketable securities is derived basis market prices of such securities.

Margin lending loans

LTV ratio	Loans and advances to retail customers		Loans and advances to corporate customers	
	As at 31 March 2021	**As at 31 March 2020**	**As at 31 March 2021**	**As at 31 March 2020**
Less than 51%	100.00%	68.84%	100.00%	99.81%
51-70%	0.00%	31.16%	0.00%	0.19%
71-90%	0.00%	0.00%	0.00%	0.00%
91-100%	0.00%	0.00%	0.00%	0.00%
More than 100%	0.00%	0.00%	0.00%	0.00%
Total	**100.00%**	**100.00%**	**100.00%**	**100.00%**

As at 31 March 2021, the fair value of financial assets accepted as collateral that the Company is permitted to sell or repledge in the absence of default for loans and advances to retail customers and to corporate customers and HNIs is NIL and INR 823,767 for 31st Mar'21 respectively (31 March 2020: INR 52,598 and INR 859,131)

iii) Inputs, assumptions, techniques used for estimating impairment

The Company measures the amount of ECL on a financial instrument in a way that reflects an unbiased and probability-weighted amount. The Company considers its historical loss experience and adjusts the same for current observable data. The key inputs into the measurement of ECL are the probability of default, loss given default and exposure at default. These parameters are derived from the Company's internally developed statistical models and other historical data. In addition, the Company uses reasonable and supportable information on future economic conditions including macroeconomic factors such as gross domestic product and unemployment rate. Since incorporating these forward looking information increases the judgment as to how the changes in these macroeconomic factor will affect ECL, the methodology and assumptions are reviewed regularly. The Company has applied a three-stage approach to measure expected credit losses (ECL) on debt instruments accounted for at amortised cost and FVOCI. Assets migrate through following three stages based on the changes in credit quality since initial recognition:

Stage 1: 12- months ECL: For exposures where there is no significant increase in credit risk since initial recognition and that are not credit-impaired upon origination, the portion of the lifetime ECL associated with the probability of default events occurring within the next 12- months is recognized.

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

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

The key inputs into the measurement of ECL are the term structure of the following variables:
- Probability of defaults (PDs) - Obligor level PD derived from PD and rating migration model. Model will use point in time PD values which will vary based on Macro economic variable forecasts.

- Loss given default (LGD) - LGD for different product and geographic segments are captured in the LGD estimates. The model is calibrated to loss data over time for different macroeconomic scenarios and collateral types. The current GAAP uses a fixed write off rate for all exposures.

- Exposure at default (EAD) i.e. the total expected exposure in the event of a default. The Company calculates expected credit losses on interest earned but not collected at portfolio level.

All amounts are in INR lakhs except per share data and unless stated otherwise

Loans and advances to corporate customers and HNIs
The company have an internal risk rating system that accurately and reliably differentiates between degrees of credit risk for classifiable managed exposures. To differentiate among degrees of credit risk and make meaningful and consistent distinctions among degrees of credit risk, the Company reviews its credit exposure along two dimensions – Default Risk and loss severity in the event of default.
In case of Classifiable managed obligors, company assigns
- Rating grades that appropriately reflect likelihood of default and
- Loss severity rating grade (or Loss Given Default estimates) that approximately reflect the loss severity expected in the event of default during economic downturn conditions.

The Obligor Risk Rating (ORR) represents the probability that an obligor will default within a one year time horizon. Risk ratings for obligors are assigned on a scale of 1 to 10, with sub- grades, where “1” is the best quality risk and “7-“ is the worst for obligors that are not in default. ORRs of “9+”, “9” and “10” are assigned to obligors meeting the definition of default under Basel when either or both of the following have occurred
- When the obligor is past due more than 90 days on any material credit obligation.
- When the company considers that the obligor is unlikely to pay its credit obligations in full, without recourse by Citi to actions such as realizing security (if held), collecting against a guarantee or other form of support, or filing a claim against the insurer.

The Facility Risk Rating (FRR) represents an expected loss rate, or “Loss Norm”, for each facility, and is the product of two components:
The one-year Probability of Default (PD) of the Obligor,and The Loss Given Default (LGD) of a facility.
FRRs are assigned on a scale of 1 to 10, with sub-grades, where ‘1’ is the best quality risk and ‘7-’ is the worst for performing facilities. FRRs of 8, 9, and 10 are assigned to non- performing facilities.

At each reporting date, the Company assesses whether there has been a significant increase in credit risk of its financial assets since initial recognition by comparing the risk of default occurring over the expected life of the asset. In determining whether credit risk has increased significantly since initial recognition, the Company uses information that is relevant and available without undue cost or effort. This includes the Company’s internal credit rating grading system, external risk ratings and forward-looking information to assess deterioration in credit quality of a financial asset.
The Company considers probability of default upon initial recognition of asset and whether there has been any significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Company compares the risk of default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information. Following indicators are incorporated:
- Internal credit rating
- changes in external credit rating (as far as available)
- actual or expected significant adverse changes in business, financial or economic condition that are expected to cause a significant change to borrower's ability to meet its obligations.
- significant increase in credit risk on other financial instruments of same borrower
- significant changes in value of the collateral supporting the obligation or in the quality of third party guarantees or credit support.
- significant changes in expected performance and behavior of the borrower including changes in payment status of borrowers and changes in operating results.
In addition to the DPD indicator for loans and advances to corporate customers and HNIs portfolio, it is presumed that the credit risk has significantly increased since initial recognition if the probability of default has increased by 20 bps and the movement in standard deviation of the PD is equal to or more than 1.

Loans and advances to other retail customers
The Company assesses and manages credit risk for retail customers at portfolio level. The customers are pooled into portfolios based on homogenous product characteristics. Credit risk for retail product portfolio is assessed based on quantitative indicator of obligor behaviour. This quantitative criteria is used to assess the Staging of the exposures and the probability of default for estimation of ECL.

Quantitative based staging criteria are as follows:
- Stage 3: 90 and above DPD accounts; loans with partial charge-offs and and qualitative factors (such as current and expected borrower’s liquidity position, need for refinance, significant change in collateral value) and other factors as considered appropriate by the management and credit committee.
- Stage 2: Accounts that are not Stage 3 and are 30-89 DPD; Hardship modifications (<6 months on book); Behavior score drops below marginal booking segment (if available)
- Stage 1: All accounts that are not Stage 2 or 3

In addition to quantitative factors as mentioned above, loans / exposures are also assessed for qualitative factors for staging. These include:
a) material adverse changes in business, financial or economic conditions that are expected to cause a significant change in the borrower’s ability to meet its debt obligations to the Company.
b) significant adverse change in the regulatory, economic, or technological environment of the borrower that results in a significant change in the borrower’s ability to meet its debt obligations to the Company
c) significant changes in the value of the collateral
d) significant changes in the loan documentation / arrangement

LGD is the magnitude of the likely loss if there is a default.
For the corporate portfolio, the Company estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral, seniority of the claim, counterparty industry and recovery costs of any collateral that is integral to the financial asset.
For retail portfolio, the Company segments its portfolios into smaller homogenous portfolios, based on the key characteristics that are relevant to the estimation of future cash flows. The applied data is based on historically collected loss data and involves a wider set of transaction characteristics as well as borrower characteristics.

The following table presents the key macroeconomic indicators used for the purposes of measurement of ECL in the periods presented.

Macro economic indicator	As at 31 March 2022	As at 31 March 2021	As at 31 March 2020
GDP growth	12.90%	-9.80%	7.70%

All amounts are in INR lakhs except per share data and unless stated otherwise

Particulars	Total exposure				Expected credit loss (ECL)				Net carrying amount
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	
Loans and advances carried at amortised cost									
- Loans and advances to corporate customers	426,793	-	-	**426,793**	(386)	-	-	**(386)**	**426,407**
- Loans and advances to retail customers	117,385	1,838	16	**119,239**	(4,746)	(1,380)	(12)	**(6,138)**	**113,101**
Loans and advances carried at FVOCI					-	-	-		
- Loans and advances to retail customers	199,615	1,916	363	**201,894**	(2,089)	(750)	(143)	**(2,982)**	**198,912**
- Loan commitments	4,730	-	-	**4,730**	(49)	-	-	**(49)**	**4,681**
Other financial assets measured at amortised cost	164,951	-	-	**164,951**	-	-	-	**-**	**164,951**
As at 31 March 2021	**913,474**	**3,754**	**379**	**917,607**	**(7,270)**	**(2,130)**	**(155)**	**(9,555)**	**908,052**
Loans and advances carried at amortised cost									
- Loans and advances to corporate customers	568,691	3,525	-	**572,216**	(690)	(10)	-	**(700)**	**571,516**
- Loans and advances to retail customers	192,114	1,477	696	**194,287**	(3,422)	(1,108)	(522)	**(5,052)**	**189,235**
Loans and advances carried at FVOCI					-	-	-		**-**
- Loans and advances to retail customers	85,743	619	112	**86,474**	(1,336)	(187)	(36)	**(1,559)**	**84,915**
- Loan commitments	15,567	-	-	**15,567**	(60)	-	-	**(60)**	**15,507**
Other financial assets measured at amortised cost	119,994	-	-	**119,994**	-	-	-	**-**	**119,994**
As at 31 March 2020	**982,109**	**5,621**	**808**	**988,538**	**(5,508)**	**(1,305)**	**(558)**	**(7,371)**	**981,167**

iv) Reconciliation of loss allowance provision

Reconciliation of loss allowance	Loss allowance measured at 12 month expected losses	Loss allowance measured at life-time expected losses	
		Financial assets for which credit risk has increased significantly and not credit-impaired	Financial assets for which credit risk has increased significantly and credit-impaired
Loss allowance on 31 March 2021	**7,221**	**2,130**	**155**
Changes in loss allowances due to:			
Assets originated or purchased	4,016	1,969	1,306
Write – offs	(152)	(1,001)	(1,510)
Recoveries/ repayments	(2,062)	(178)	(193)
Changes in risk parameters	10	(10)	-
Change in measurement from 12-month to life-time expected losses or vice-versa	(39)	45	(6)
Loss allowance on 31 March 2020	**5,448**	**1,305**	**558**
Changes in loss allowances due to:			
Assets originated or purchased	2,795	1,150	455
Write – offs	(8)	(592)	(423)
Recoveries/ repayments	(719)	(211)	(109)
Changes in risk parameters	-	-	-
Change in measurement from 12-month to life-time expected losses or vice-versa	861	(10)	43
Loss allowance on 31 March 2019	**2,519**	**968**	**592**

All amounts are in INR lakhs except per share data and unless stated otherwise

Sensitivity analysis of expected credit loss
For loans and advances given to corporate customers and HNIs, the Company estimates ECL based on internal models and the sensitivity of ECL to the input parameters assessed through the internal models has been considered to be immaterial.

In the case of retail loans portfolio, the Company uses days past due based customer behavior as a lagging indicator for staging. The ECL computation for retail loans is based on flow rates of obligors across the DPD buckets. The internal estimates based on the flow rate are a conservative estimate of the expected credit losses. Accordingly, the Company does not expect the estimated ECL to get adversely impacted due to changes in portfolio behaviour.

Write-offs still under enforcement
In the case of assets that are assessed collectively for impairment, the Company writes-off such secured and unsecured assets at 180 days and 120 days past due respectively unless there is empirical evidence to the contrary. The contractual amount outstanding on financial assets written-off and still subject to enforcement activity was INR 18,333 as at 31 March 2021 (31 March 2020: INR 12,478).

Loans with renegotiated terms
A loan that is renegotiated is derecognised if the existing agreement is cancelled and a new agreement is made on substantially different terms or if the terms of the existing agreement are modified such that the renegotiated loan is a substantially different instrument.

Where the renegotiation of such loans are not derecognised, impairment continues to be assessed for significant increases in credit risk compared to the initial origination credit risk rating.

v) Concentration of credit risk
Portfolio concentration is measured with the aim of optimizing the benefits associated with diversification and reducing the potential adverse impact of concentration of exposures to a particular borrower, sector or industry. Credit concentration shall be tracked and performed at:
1. Counterparty level (Single borrower limit / Group borrower limit)
2. Portfolio level -Sector

Counterparty exposure limits
The objective for setting exposure limits and the need for credit portfolio measurement emanates from the necessity to optimize the benefits associated with diversification and to reduce the potential adverse impact of concentration of exposures to a particular borrower, sector or industry.

In compliance with RBI directions vide RBI/DNBR/2016-17/45 Master Direction DNBR. PD. 008/03.10.119/2016-17, CFIL has set Single Borrower & Group borrower limits (SBL/GBL) as under which will be strictly adhered.

a) Lend to (i) any single borrower exceeding 15% of its owned fund; and (ii) any single group of borrowers exceeding 25% of its owned fund;
b) Invest in (i) the shares of another company exceeding 15% of its owned fund; and (ii) the shares of a single group of companies exceeding 25% of its owned fund;
c) Lend and invest (loans/investments taken together) exceeding (i) 25% of its owned fund to a single party; and (ii) 40% of its owned fund to a single group of parties.

These ceilings on credit/investments shall be applicable to the own group of the Company as well as to the other group of borrowers/investee companies.

CFIL will monitor the above regulatory limits, and ensure that the exposure to any borrower/group is not in breach. This would be tracked at the time of sanction itself to avoid sanction of any facility which is in excess of counterparty exposure norms. During the year ended 31 March 2021 and 31 March 2020, the Company's credit exposure to single borrowers and group borrowers were within the limits.

Portfolio exposure limits
Industry wise concentration limits are monitored for loans and advances given to corporate customers. Industry Limit is set to 20% of total outstanding loans and advances in the Company(except for Banks & FI where limit is set at 25%). Any breach in Industry limits to be approved by at least 2 board members. An analysis of concentrations of credit risk is shown below:

Sector	**As at 31 March 2021**	**As at 31 March 2020**
Chemicals	0.87%	9.33%
Pharma & Healthcare	0.00%	0.59%
Bank	0.00%	0.00%
Metals	0.50%	0.60%
Autos	2.64%	4.97%
Agriculture & Food Preparation	0.00%	0.00%
Other Financial Institutions	9.86%	3.31%
Other sectors(*)	3.22%	11.22%
Concentration of loans to corporate customers	**17.10%**	**30.02%**
Margin lending	**40.22%**	**38.95%**
Other loans and advances to retail customers	**42.68%**	**31.03%**
Total loans and advances outstanding	**100.00%**	**100.00%**

(*) Other sectors majorly include Company's exposure to Infrastructure Industry, Transport Equipment industry, Software industry, etc.

vi) Offsetting financial assets and financial liabilities
The company does not have any financial instruments with offsetting rights.

vii) Restructured Loans:
The Reserve Bank of India had provided a Resolution Framework for COVID-19-related Stress vide RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21 and RBI/2020-21/17 DOR.No.BP.BC/4/21.04.048/2020-21, the Company does not have any accounts where resolution plan has been implemented under the said notifications.

All amounts are in INR lakhs except per share data and unless stated otherwise

Note 32 - Financial Risk Management (Continued)

B. Liquidity risk

The liquidity objectives of the Company are to maintain a liquidity profile to enable it to efficiently meet expected and unexpected current and future cash flow and collateral needs and operate under a variety of market conditions, including market disruptions for both short term and long term periods.

The Company uses a variety of tools and metrics for measurement, monitoring and reporting of liquidity risk including liquidity gap statements, liquidity ratios on stock and flow approach as well as multiple stress testing scenarios over varying timeframes. The liquidity framework of the Company encompasses both the local regulatory liquidity reporting as well as additional internally adopted metrics to provide a comprehensive and robust coverage suited to our balance sheet requirements.

The Asset - Liability Committee (ALCO) comprising key stakeholders of the Company's senior management has direct oversight on balance sheet and liquidity while ongoing liquidity management is managed by the Treasury desk, with daily monitoring by Risk, Treasurer and Corporate Treasury functions.

The following factors add to comfort on management of balance sheet liquidity:
• Well capitalized balance sheet, with capital adequacy of 45.50% as of 31 March 2021 (41.87% as of 31st March 2020).
• Well diversified liability profile with market issuances carrying the highest credit rating for short term as well as long term issuances.
• Diversified loan portfolio with multiple lines of business across Corporate and Retail segments.

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

Particulars	As at 31 March 2021	As at 31 March 2020
Committed undrawn facility	180,000	180,000

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

Particulars	Carrying amount	Contractual cash flows					
		Gross nominal inflow/ (outflow)	upto 3 months	3 to 6 months	6 to 12 months	1 year to 3 year	Over 3 year
As at 31 March 2021							
Non-derivative financial liabilities							
Trade payables	10,558	(10,429)	(10,429)	-	-	-	-
Debt securities	369,287	(383,536)	(88,135)	(170,992)	(21,961)	(84,996)	(17,452)
Borrowings (other than debt securities)	259,900	(262,180)	(144,818)	(106,373)	(10,977)	-	(12)
Other financial liabilities	8,481	(8,481)	(8,285)	(196)	-	-	-
Total	**648,226**	**(664,626)**	**(251,667)**	**(277,561)**	**(32,938)**	**(84,996)**	**(17,464)**
Non-derivative financial assets							
Cash and cash equivalents	142,731	142,731	142,731	-	-	-	-
Bank balance other than cash and cash equivalents above	14,486	14,671	11,898	87	-	-	2,686
Receivables	3,331	3,331	3,331	-	-	-	-
Loans	749,744	810,668	224,437	179,303	115,382	235,914	55,632
Investments	113,177	127,407	-	9,262	15,671	33,466	69,008
Other financial assets	4,304	4,304	4,277	-	-	-	27
Total	**1,027,773**	**1,103,112**	**386,674**	**188,652**	**131,053**	**269,380**	**127,353**

All amounts are in INR lakhs except per share data and unless stated otherwise

Particulars	Carrying amount	Contractual cash flows					
		Gross nominal inflow/ (outflow)	upto 3 months	3 to 6 months	6 to 12 months	1 year to 3 year	Over 3 year
As at 31 March 2020							
Non-derivative financial liabilities							
Trade payables	5,371	(5,371)	(5,371)	-	-	-	-
Debt securities	401,177	(499,626)	(7,863)	(2,884)	(3,843)	(289,372)	(195,664)
Borrowings (other than debt securities)	261,221	(208,210)	(151,470)	(30,931)	(25,809)	-	-
Other financial liabilities	4,421	(4,421)	(4,217)	(204)	-	-	-
Total	**672,190**	**(717,628)**	**(168,921)**	**(34,019)**	**(29,652)**	**(289,372)**	**(195,664)**
Non-derivative financial assets							
Cash and cash equivalents	98,515	98,515	98,515	-	-	-	-
Bank balance other than cash and cash equivalents above	13,906	14,298	8,176	2,821	568	-	2,733
Receivables	3,032	3,032	3,032	-	-	-	-
Loans	857,745	928,235	342,105	68,270	242,898	224,162	50,800
Investments	67,430	63,424	22,084	-	-	8,362	32,978
Other financial assets	4,442	4,442	4,440	-	-	-	2
Total	**1,045,070**	**1,111,946**	**478,352**	**71,091**	**243,466**	**232,524**	**86,513**

The table below analyses the Company's derivative financial instruments into relevant maturity groupings based on the remaining period as at respective year end to the contractual maturity date:

Particulars	Carrying amount	upto 3 months	3 to 6 months	6 to 12 months	1 year to 3 year	Over 3 year
Derivative financial assets						
As at 31 March 2021	2,797	-	-	-	2,797	-
As at 31 March 2020	6,646	-	-	6,278	368	-
Derivative financial liabilities						
As at 31 March 2021	1,083	-	-	300	783	-
As at 31 March 2020	7,530	-	-	-	7,530	-

All amounts are in INR lakhs except per share data and unless stated otherwise

Note 32 - Financial Risk Management (Continued)

C. Market risk

Market risk is the risk arising due to changes in market prices – (e.g. interest rates and equity prices) and will affect the Company's income or the value of its holdings of financial instruments. The objective of the Company's market risk management is to manage and control market risk exposures within acceptable parameters to ensure the Company's solvency while optimizing the return on risk.

All market risk taking activities are centralized with treasury. The Company's ALM policy is approved by Board of directors which defines the process and procedures of limit approvals, changes, delegation, reporting and escalation in case of limit excesses and trigger breaches. The Market Risk Management (MRM) monitors the risk exposures against approved limits and triggers at regular interval. MRM is responsible for the ongoing monitoring of the excess/breach to ensure that the corrective action plan is carried out. In case if a breach is reported and if it is determined to be real, it is reported to the ALCO and the Senior Market Risk Management.

i) Price risk
Price risk exposes the Company to fluctuations in fair values or future cash flows of a financial instrument because of changes in market prices whether those changes are caused by factors specific to the individual financial instrument or its issuer or by factors affecting all similar financial instruments traded in the market. The below table represents measures of the financial condition impacted by market risk for the financial instruments measured at fair value as on the reporting date:

Nature of product	Measurement basis	Sensitivity	Impact on the profit and loss account	
			Year ended 31 March 2021	Year ended 31 March 2020
Market linked debentures (net off hedged derivatives)	FVTPL	±100 basis points in interest rates	239/(239)	12/(12)
Investments in commercial papers and corporate bonds	FVTPL	±100 basis points in interest rates	(2406)/2406	(2425)/2425
Investments in unquoted equity shares	FVTPL	± 1.5% in earnings growth rate	110/(110)	55/(55)
		± 10% in liquidity adjustment factor	(857)/857	(526)/526

ii) Interest rate risk

Interest rate risk represents the Company's exposure to adverse movements in interest rates with regard to its debt instruments. Interest rate exposure (IRE) measures the potential pre-tax earnings impact, over a specified reporting period, for the accrual positions, from a defined change in the yield curve. Residual market risk is also monitored using a series of measures, including factor sensitivities (PV01). Factor sensitivity (PV01) is expressed as the change in the value of a position for a 1bp change in interest rate. Market Risk Management monitors factors for all relevant market risk.

The Company's exposure to interest rate risk arises majorly through structured debt securities where payment of interests are linked to the movement in the market index i.e. Nifty. The interest rate risk on such structured debt instruments are hedged through equity options and implied forwards.

Nature of product	Measurement basis	Sensitivity	Impact on the profit and loss account	
			Year ended 31 March 2021	Year ended 31 March 2020
Market linked debentures	FVTPL	±100 basis points in yield	(576)/576	(1235)/1235

Nature of product	Measurement basis	Sensitivity	Impact on other comprehensive income	
			Year ended 31 March 2021	Year ended 31 March 2020
Loans measured at FVOCI	FVOCI	±50 basis points in interest rates	(1543)/1566	(708)/719

Notes to the financial statements *(continued)*
for the year ended 31 March 2021
All amounts are in INR lakhs except per share data and unless stated otherwise

Note 32 - Financial Risk Management (Continued)

C. Market risk (continued)

The following is a summary of the Company's interest rate gap position on non-trading portfolios :

Particulars	upto 3 months	3 to 6 months	6 to 12 months	1 year to 3 year	Over 3 year	Non-sensitive	Total
As at 31 March 2021							
Assets							
Cash and cash equivalents	103,834	-	-	-	-	38,897	142,731
Bank balance other than cash and cash equivalents above	11,828	82	-	-	-	2,576	14,486
Derivative financial assets	1,537	-	-	-	-	1,260	2,797
Receivables	-	-	-	-	-	3,331	3,331
Loans	209,745	167,922	101,004	211,382	50,927	8,764	749,744
Investments	-	9,000	15,000	30,000	36,500	22,677	113,177
Other financial assets	-	-	-	-	-	4,304	4,304
Current tax assets (Net)	-	-	-	-	-	19,042	19,042
Deferred tax Assets (Net)	-	-	-	-	-	21,029	21,029
Property, plant and equipment	-	-	-	-	-	1,395	1,395
Other non-financial assets	-	-	-	-	-	983	983
Total Inflow	**326,944**	**177,004**	**116,004**	**241,382**	**87,427**	**124,259**	**1,073,019**
Equity & liabilities							
Derivative financial liabilities	904	-	-	-	-	(1,987)	(1,083)
Trade payables	-	-	-	-	-	(10,558)	(10,558)
Debt securities	(86,881)	(164,476)	(18,160)	(70,647)	(7,522)	(21,601)	(369,287)
Borrowings (other than debt securities)	(142,882)	(104,359)	(10,700)	-	-	(1,959)	(259,900)
Other financial liabilities	-	-	-	-	-	(8,481)	(8,481)
Provisions	-	-	-	-	-	(1,577)	(1,577)
Other non-financial liabilities	-	-	-	-	-	(2,060)	(2,060)
Equity share capital	-	-	-	-	-	(289,330)	(289,330)
Other equity	-	-	-	-	-	(130,743)	(130,743)
Total (outflow)	**(228,859)**	**(268,835)**	**(28,860)**	**(70,647)**	**(7,522)**	**(468,296)**	**(1,073,019)**

Particulars	upto 3 months	3 to 6 months	6 to 12 months	1 year to 3 year	Over 3 year	Non-sensitive	Total
As at 31 March 2020							
Assets							
Cash and cash equivalents	98,515	-	-	-	-	-	98,515
Bank balance other than cash and cash equivalents above	8,150	2,764	551	-	2,441	-	13,906
Derivative financial assets	-	-	6,278	368	-	-	6,646
Receivables	-	-	-	-	-	3,032	3,032
Loans	324,641	59,633	221,133	200,742	51,596	-	857,745
Investments	24,653	-	-	-	42,777	-	67,430
Other financial assets	4,440	-	-	-	2	-	4,442
Current tax assets (Net)	-	-	-	-	-	18,649	18,649
Deferred tax Assets (Net)	-	-	-	-	-	23,541	23,541
Property, plant and equipment	-	-	-	-	-	1,073	1,073
Other non-financial assets	-	-	-	-	-	873	873
Total inflow	**460,399**	**62,397**	**227,962**	**201,110**	**96,816**	**47,168**	**1,095,852**
Equity & liabilities							
Derivative financial liabilities	-	-	-	(7,530)	-	-	(7,530)
Trade payables	-	-	-	-	-	(5,371)	(5,371)
Debt securities	(145,412)	(30,312)	(136,984)	(109,329)	20,860	-	(401,177)
Borrowings (other than debt securities)	(205,721)	(30,414)	(25,086)	-	-	-	(261,221)
Other financial liabilities	-	-	-	-	-	(4,421)	(4,421)
Provisions	-	-	-	-	-	(1,915)	(1,915)
Other non-financial liabilities	-	-	-	-	-	(1,086)	(1,086)
Equity share capital	-	-	-	-	-	(289,330)	(289,330)
Other equity	-	-	-	-	-	(123,801)	(123,801)
Total (outflow)	**(351,133)**	**(60,726)**	**(162,070)**	**(116,859)**	**20,860**	**(425,924)**	**(1,095,852)**

All amounts are in INR lakhs except per share data and unless stated otherwise

Maturity analysis
The below table presents the maturity profile of key financial assets and liabilities of the company by their residual contractual maturity as of the dates presented:

Particulars	upto 3 months	3 to 6 months	6 to 12 months	1 year to 3 year	Over 3 year	Total
As at 31 March 2021						
Assets						
Cash and cash equivalents	142,731	-	-	-	-	142,731
Bank balance other than cash and cash equivalents above	11,874	85	-	-	2,527	14,486
Derivative financial assets	1,537	-	-	-	1,260	2,797
Receivables	3,331	-	-	-	-	3,331
Loans	216,123	168,157	101,035	211,382	53,047	749,744
Investments	-	9,454	15,756	31,512	56,455	113,177
Other financial assets	4,277	-	-	-	27	4,304
Current tax assets (Net)	-	-	-	-	19,042	19,042
Deferred tax Assets (Net)	-	-	-	-	21,029	21,029
Property, plant and equipment	-	-	-	-	1,395	1,395
Other non-financial assets					983	983
Total inflow	**379,873**	**177,696**	**116,791**	**242,894**	**155,765**	**1,073,019**
Equity & liabilities						
Derivative financial liabilities	904	-	-	-	(1,987)	(1,083)
Trade payables	(10,558)	-	-	-	-	(10,558)
Debt securities	(87,357)	(167,967)	(20,800)	(79,028)	(14,135)	(369,287)
Borrowings (other than debt securities)	(143,920)	(104,602)	(11,334)	(31)	(13)	(259,900)
Other financial liabilities	(8,279)	(202)	-	-	-	(8,481)
Provisions	(43)	-	(137)	(923)	(474)	(1,577)
Other non-financial liabilities	(993)	-	-	-	(1,067)	(2,060)
Equity share capital	-	-	-	-	(289,330)	(289,330)
Other equity	-	-	-	-	(130,743)	(130,743)
Total (outflow)	**(250,246)**	**(272,771)**	**(32,271)**	**(79,982)**	**(437,749)**	**(1,073,019)**

All amounts are in INR lakhs except per share data and unless stated otherwise

Particulars	upto 3 months	3 to 6 months	6 to 12 months	1 year to 3 year	Over 3 year	Total
As at 31 March 2020						
Assets						
Cash and cash equivalents	98,515	-	-	-	-	98,515
Bank balance other than cash and cash equivalents above	8,150	2,764	551	-	2,441	13,906
Derivative financial assets	-	-	6,278	368	-	6,646
Receivables	3,032	-	-	-	-	3,032
Loans	324,641	59,633	221,133	200,742	51,596	857,745
Investments	24,653	-	-	-	42,777	67,430
Other financial assets	4,440	-	-	-	2	4,442
Current tax assets (Net)	-	-	-	-	18,649	18,649
Deferred tax Assets (Net)	-	-	-	-	23,541	23,541
Property, plant and equipment	-	-	-	-	1,073	1,073
Other non-financial assets	-	-	-	-	873	873
Total inflow	**463,431**	**62,397**	**227,962**	**201,110**	**140,952**	**1,095,852**
Equity & liabilities						
Derivative financial liabilities	-	-	-	(7,530)	-	(7,530)
Trade payables	(5,371)	-	-	-	-	(5,371)
Debt securities	(145,412)	(30,312)	(136,984)	(109,329)	20,860	(401,177)
Borrowings (other than debt securities)	(205,721)	(30,414)	(25,086)	-	-	(261,221)
Other financial liabilities	(4,217)	(204)	-	-	-	(4,421)
Provisions	(114)	-	(91)	(1,051)	(659)	(1,915)
Other non-financial liabilities	(428)	-	-	-	(658)	(1,086)
Equity share capital	-	-	-	-	(289,330)	(289,330)
Other equity	-	-	-	-	(123,801)	(123,801)
Total (outflow)	**(361,263)**	**(60,930)**	**(162,161)**	**(117,910)**	**(393,588)**	**(1,095,852)**

All amounts are in INR lakhs except per share data and unless stated otherwise

Note 33 - Capital Risk Management

Capital risk is defined as the risk that the entity has a sub-optimal quantity or quality of capital available to meet the regulatory requirements or cover risk exposures. A capital risk exposure arises when the Company has insufficient capital resources to support its strategic objectives and business plans as well as meet external stakeholder requirements. This could materialize due to a depletion of the entity's capital resources as a result of the crystallization of any of the risks to which it is exposed.
As per RBI regulations, the company is required to maintain a minimum capital to risk-weighted assets ratio (CRAR) of 15%. Additionally, the capital base also drives prudential exposure limits for single and group borrowers and is a major factor to support a strong credit rating and capital metrics.

The company has a comprehensive balance sheet planning process, with capital planning as an integral pillar. To support the company's growth of its various lines of business and meeting strategic objectives and plans, sufficient capital buffer is maintained on an ongoing basis. Avenues for meeting incremental capital requirements include retention of profits over time, additional infusion from shareholders as well as contracting qualifying Tier 2 debt, as applicable from time to time.

In an extreme scenario precipitating the risk of CRAR potentially dropping below the mandated minimum level, the company can additionally also consider the following contingency measures, as required:
- Curtail loan growth to be able to avoid further buildup in RWA and facilitate reduction through scheduled loan maturities
- Consider selective portfolio sales to de-risk the asset portfolio and improve capital adequacy

The Asset Liability Committee (ALCO) monitors the capital position on an ongoing basis and oversees all capital related actions including infusions, retention or dividend remittance.

Regulatory Capital
The following additional information is disclosed in terms of the RBI circular (Ref No. DNBR .PD. 008 / 03.10.119 / 2016-17 dated September 01, 2016):

Capital to risk assets ratio (CRAR):	**As at 31 March 2021**	**As at 31 March 2020**
Tier I capital	393,597	390,769
Tier II capital	5,959	4,342
Total capital	399,556	395,111
Risk weighted assets	878,139	943,567
CRAR (%)	45.50%	41.87%
CRAR - Tier I capital (%)	44.82%	41.41%
CRAR - Tier II capital (%)	0.68%	0.46%

All amounts are in INR lakhs except per share data and unless stated otherwise

Note 34 - Segment information

The segment disclosure is based on the client segment of the company which is aligned to internal reporting matrix. Secondary segmentation based on geography has not been presented as the Company operates only in India and the Company perceives that there is no significant difference in its risks and returns in operating from different geographies in India. Accordingly, the company has identified two segments : Institutional Client Group (ICG) and Global Consumer Banking (GCB) as reportable segments .

ICG - This segment provides secured and unsecured loans to corporates, MSME and high networth individual clients.Loan Products offered by this segment are unsecured loans, secured loans and bills discounting. Segment income mainly consists of interest on loans and service charges. This segment also includes markets business which undertakes activities such as investments in corporate debt, funding and gapping products and hedging positions and contributes to revenues of the segment which includes investment income and gains/loss on debentures/bonds and derivative transactions.

GCB - This segment provides loans to retail customers. Loan products offered by this segment are loan against securities, loans for purchase of commercial vehicles, construction equipment and agricultural assets and personal loans. Segment income mainly comprises of interest on loans, Loan origination and collection fees and income from assignment.

Segment wise income and expenses include certain internal allocations including internal transfer pricing attached to the funds provided or deployed.

Segment assets represents the net assets put up by that segment. Segment liabilities represent liabilities undertaken by respective segments.

Items which are not directly attributable to any particular segment and which cannot be reasonably allocated to segments are consolidated under "Unallocated" column. Further Capital and other equity are shown as unallocated since the same cannot be directly identified with any particular segment.

Segment revenue

Particulars	Year ended 31 March 2021				Year ended 31 March 2020			
	ICG	GCB	Unallocated	Total	ICG	GCB	Unallocated	Total
Interest income	41,799	22,340	-	64,139	57,924	21,855	-	79,779
Other income	9,907	3,534	353	13,794	(5,965)	8,688	1,492	4,215
Total income from external customers	**51,706**	**25,874**	**353**	**77,933**	**51,959**	**30,543**	**1,492**	**83,994**
Interest expense	13,513	13,537	-	27,050	22,867	10,783	3,723	37,373
Other Expenses	11,654	15,510	2,035	29,199	9,451	15,372	5,061	29,884
Segment Results	**26,539**	**(3,173)**	**(1,682)**	**21,684**	**19,641**	**4,388**	**(7,292)**	**16,737**
Tax expense	-	-	-	6,249	-	-	-	5,419
Profit after tax				**15,435**				**11,318**
Other Information								
Capital expenditure	-	-	-	**-**	-	-	-	**-**
Depreciation	-	-	345	**345**	-	-	379	**379**

Segment assets and liabilities

Particulars	As at 31 March 2021				As at 31 March 2020			
	ICG	GCB	Unallocated	Total	ICG	GCB	Unallocated	Total
Segment assets	699,262	331,114	42,643	1,073,019	730,363	290,208	75,281	1,095,852
Segment liabilities	(639,989)	(8,079)	(4,878)	(652,946)	(668,933)	(4,413)	(9,375)	(682,721)
Net segment assets/ (liabilities)	**59,273**	**323,035**	**37,765**	**420,073**	**61,430**	**285,795**	**65,906**	**413,131**

Note 35 - Related party disclosures

The Company has a policy of carrying all related party transactions; domestic or international, at arm's length.

As per Ind AS 24 ' Related party disclosures', the related party where control exists or where significant influence exists and with whom transactions have taken place are as below:

A. Holding Companies
Associates Financial Services (Mauritius) LLC

Enterprises which exercise control:
Citibank Overseas Investment Corporation (COIC)
Citibank N.A. and its branches
Citigroup Inc. (the ultimate Holding Company)

B. Fellow subsidiaries
Citigroup Global Markets Asia Limited
Citigroup Global Markets India Private Limited
Citicorp Services India Private Limited
Citigroup Global Markets Hong Kong Ltd
Citigroup Global Markets Singapore PTE Limited
Citibank (China) Co Ltd
Citicorp Investment Bank (Singapore) Ltd
Citigroup Global Markets Deutschland AG
Citibank Japan Ltd
Citi Europe PLC Hungary
Citi Europe PLC Poland
Citi Korea INC
Citi Europe PLC France
Citi Europe PLC Sweden
Citi Europe PLC Belgium
Citi Europe PLC Germany
Citigroup Global Markets Limited
Citi Investment Advisory Services Private Limited
Citigroup Technology Infrastructure (Hong Kong) Limited

C. Associates
India Infradebt Limited

D. Key Management Personnel
Nina Nagpal (Managing Director)
Rohit Ranjan(Director)
Priti Goel(Director)
Neeraj Kumar (Director)
Deepak Ghaisas (Independent Director)
Saurabh Shah (Independent Director)

All amounts are in INR lakhs except per share data and unless stated otherwise

Details of related party transactions during the year are given below:

Nature of Related party transaction	Holding Companies and companies exercising control		Associates		Fellow Subsidiaries			
	Citibank N.A. and its branches		India Infradebt Limited		Citicorp Services India Pvt Ltd		Other Fellow Subsidiaries	
	Year ended 31 March 2021	Year ended 31 March 2020	Year ended 31 March 2021	Year ended 31 March 2020	Year ended 31 March 2021	Year ended 31 March 2020	Year ended 31 March 2021	Year ended 31 March 2020
Lease rentals	-	5	-	-	-	-	-	-
Fixed deposits and reverse repo placed	1,655,923	1,499,322	-	-	-	-	-	-
Fixed deposits and reverse repo liquidated	1,643,205	1,405,626	-	-	-	-	-	-
Loans taken	-	527,314	-	-	-	-	-	-
Loans repaid	-	527,314	-	-	-	-	-	-
Loan portfolio purchase - Personal loan	48,822	113,761	-	-	-	-	-	-
Loan portfolio purchase - Domestic trade finance	-	10,014	-	-	-	-	-	-
Loan portfolio sale - Asset Backed Finance	17,507	24,592	-	-	-	-	-	-
Distribution and Placement Fees paid	537	731	-	-	-	-	-	-
Rent paid	593	589	-	-	13	26	-	-
Net movement in bank accounts	29,499	5,537	-	-	-	-	-	-
Interest paid on borrowings and overdraft	-	857	-	-	6,018	6,612	-	-
Bank Charges paid	20	19	-	-	-	-	-	-
Interest received on fixed deposits and reverse repo	701	819	-	-	-	-	-	-
Sourcing and Collection Fees earned	2,753	6,922	-	-	-	-	-	-
Fees and Commission paid	3,894	4,631	-	-	188	167	1,730	1,957
Secondment charges earned	24	574	-	-	8	-	10	-
Secondment charges incurred	1,589	1,409	-	-	-	-	-	-
Transfer of software	-	-	-	-	-	-	-	-
Inter Corporate borrowings taken	-	-	-	-	385,000	622,500	-	-
Inter Corporate borrowings repaid	-	-	-	-	370,000	617,500	-	-
Other expenses	736	191	-	-	-	-	93	-
Equity Dividend Received	-	-	252	252	-	-	-	-
Equity Dividend Paid	9,000	13,116	-	-	-	-	-	-

Details of related party outstanding balances as at the year-end are given below:

Nature of Related party outstanding balances	Holding Companies and companies exercising control		Fellow Subsidiaries			
	Citibank N.A. and its branches		Citicorp Services India Pvt Ltd		Other Fellow Subsidiaries	
	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020
Assets						
Trade receivables	1,396	2,403	10	-	12	-
Other receivables	327	147	-	-	-	-
Fixed deposits	2,571	2,440	-	-	-	-
Fixed deposits (with original maturity of less than 3 months)	106,225	93,943	-	-	-	-
Bank Balances	36,431	369	-	-	-	-
Leasing	-	-	-	-	-	-
Liabilities						
Inter Corporate Borrowings	-	-	171,490	155,000	-	-
Trade payables	6,240	2,939	73	5	2,677	1,339
Collection payables on servicing portfolio	2,652	2,272	-	-	-	-
Loans repayable on demand from banks (overdraft)	1,632	4,919	-	-	-	-

Transactions with Key managerial personnel
The Key managerial remuneration has been disclosed seperately in Annexure 1

Note 36 - Off balance sheet items, contingent liabilities and capital commitments

Particulars	**As at 31 March 2021**	**As at 31 March 2020**
Tax assessments	4,551	3,995
Customer litigations	343	407
Estimated amount of contracts remaining to be executed on capital account	3	88
Undrawn committed credit lines	4,730	15,567

A description of the nature of contingent liabilities is set out below:

The Company has been assessed under Income tax Act, 1961, as a result of which the total demand, primarily on account of certain disallowances in the course of assessment for various years, outstanding against the Company is INR 1,173(31 March 2020: INR 854).

There were outstanding demands against the Company under Karnataka Value Added Tax Act, 2003, primarily on account of disallowance of input tax credit amounting to 1,702 Lakhs (31 March 2020 : Rs 1702 lakhs). These matters were heard before the Karnataka Appellate Tribunal and were remanded back to the Assessing Authority. There were in all 6 years i.e. FY 2005-06 to FY 2020-11. For FYs 2005-06, 06-07, 07-08 and 2010-11, the Assessing Officer has passed a clean order. The orders for FY 2008-09 and FY 2009-10 are still awaited. However the amount continues to be reported in contingent liability. CFIL has under this issue made a pre deposit of Rs. 270 lakhs in the previous years.

There are outstanding demands against the Company under Maharashtra Value Added Tax Act, 2002, primarily on account of levy of VAT on part purchase consideration received on accountant of “transfer of KPO Division” on slump sale basis amounting to INR 316 (31 March 2020: INR 316). Out of this, the Company has made a predeposit of INR 50 in the previous years.

The VAT assessment by Mumbai office for FY 2016-17 got concluded in the previous year where a demand of INR 44 was raised on account of disallowance of input tax credit. Out of the total demand INR 2 is paid as prepayment during the previous year.

There are outstanding demands against the Company under Finance Act,1994 , primarily on account of adjustment of service tax paid in previous years and other miscellaneous issues amounting to INR 1,322 (31 March 2020: INR 1,123). Out of this, the Company has made a predeposit of INR 50 in the previous year.

In the above cases, the Company has partly paid the aforesaid demand under protest and is in the process of appeal against the same with the appropriate tax authorities. The Company has sought legal opinion in the aforesaid demands and is of the opinion that the disallowances / demands are not tenable and highly unlikely to be retained by higher authorities. Accordingly, the Company is not carrying any provision in its books for the above.

Further, there are few customers who have initiated legal proceedings against the Company for a total compensation demand of INR 343 (31 March 2020: INR 407). The Company believes that such demands are not tenable and are highly unlikely to be confirmed by higher authorities.

Note 37 - Leases

A. The Company has taken vehicles on finance lease on such terms and conditions as documented in respective lease agreements

Particulars	**As at 31 March 2021**	**As at 31 March 2020**
Net carrying value of the assets as at the date of balance sheet	-	-
Total of minimum lease payments as at the balance sheet date		
Not later than one year	-	2
Later than one year and not later than five years	-	-
	-	2
Present value of minimum lease payments as at the balance sheet date		
Not later than one year	-	2
Later than one year and not later than five years	-	-
	-	2

All amounts are in INR lakhs except per share data and unless stated otherwise

B. Lease disclosures under Ind-AS 116

(ia) Changes in the carrying value of Right-of-use Assets

Particulars	Building Premises
Balance as at 1 April 2019	-
Additions	899
Deletion	-
Depreciation	264
Balance as at 1 April 2020	635
Additions	629
Deletion	-
Depreciation	221
Balance as at 31 March 2021	1,043

(ib) Changes in the Lease liabilities

Particulars	Building Premises
Balance as at 1 April 2019	-
Additions	899
Finance cost accrued	27
Lease Payments	294
Balance as at 1 April 2020	632
Additions	629
Finance cost accrued	52
Lease Payments	247
Balance as at 31 March 2021	1,066

(ii) Break-up of current and non-current lease liabilities

Particulars	As at 31 March 2021	As at 31 March 2020
Current Lease Liabilities	188	160
Non-current Lease Liabilities	879	596

(iii) Maturity analysis of lease liabilities

Particulars	As at 31 March 2021	As at 31 March 2020
Less than one year	188	160
One to five years	773	556
More than five years	105	40
Total	1,066	756

(iv)Amounts recognised in statement of Profit and Loss account

Particulars	As at 31 March 2021	As at 31 March 2020
Interest on Lease Liabilities	52	27
Variable lease payments (not included in the measurement of lease liabilities)	-	-
Low-value leases expensed.	-	-
Short-term leases expensed	-	-
Total	52	27

(v)Amounts recognised in statement of Cash Flows

Particulars	As at 31 March 2021	As at 31 March 2020
Total Cash outflow for leases	247	294

All amounts are in INR lakhs except per share data and unless stated otherwise

Note 38 - Earnings per share (EPS)

a) The basic and diluted earnings per share has been calculated based on the following:

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Net profit after tax available for equity shareholders	15,435	11,318
Weighted average number of equity shares	3,857,727,031	3,857,727,031
Basic / Diluted earnings per share (Rs.)	**0.40**	**0.29**

b) Weighted average number of equity shares is computed for the purpose of calculating diluted earning per share for the respective years.

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Weighted average number of shares for computation of Basic EPS	3,857,727,031	3,857,727,031
Shares issued during the year	-	-
Weighted average number of shares for computation of Diluted EPS	3,857,727,031	3,857,727,031

Note 39 - Corporate social responsibility expenses

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Gross amount required to be spent during the year	423	506
Amount spent during the year		
(i) Construction/acquisition of any asset	-	-
(ii) On purpose other than (i) above		
In cash	425	509
Yet to be paid in cash	-	-
Total	**425**	**509**

Due to the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 issued on January 22, 2021, the incurrence of CSR expense is assessed to be in the year when profits are generated instead of commitment to contribute or payment. Accordingly an estimated amount of 423 has been accrued in the year ended March 31, 2021 which is expected to be contributed in the subsequent year

Note 40 - Micro, Small and Medium Enterprises

Under the Micro, Small and Medium Enterprises Development Act, 2006 (‘MSMED’), the following disclosure is made based on the information and records available with the Company in respect of the Micro, Small and Medium Enterprises who have registered with the competent authorities:

Particulars	31 March 2021	31 March 2020
Principal amount remaining unpaid to any supplier as at the year end	24	14
Interest due thereon	-	-
Amount of interest paid by the Company in terms of section 16 of the MSMED, along with the amount of the payment made to the supplier beyond the appointed day during the accounting year	133	96
Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED	3	3
Amount of interest accrued and remaining unpaid at the end of the accounting year	3	10

All amounts are in INR lakhs except per share data and unless stated otherwise

Note 41 - Employee benefit obligations
a) Gratuity
The Company pays gratuity to employees who retire or resign after serving for the stipulated period mentioned under 'The Payment of Gratuity Act, 1972'. The Company's contributions to gratuity fund (defined benefit scheme) in respect of its employees are managed by a trust, which invests the fund with Life Insurance Corporation of India ('LIC'), a Government of India Undertaking. The plan assets under the fund are invested in schemes of Insurance - conventional products.

i. The amounts recognised in the balance sheet and the movements in the net defined benefit obligation over the year are as follows:

Particulars	Year ended 31 March 2021			Year ended 31 March 2020		
	Present value of obligation	Fair value of plan assets	Net amount	Present value of obligation	Fair value of plan assets	Net amount
At the beginning of the year	**(742)**	**494**	**(248)**	**(603)**	**416**	**(187)**
Current service cost	(73)	-	**(73)**	(63)	-	**(63)**
Past service cost	-	-	**-**	-	-	**-**
Interest (expense) / income	(45)	33	**(12)**	(42)	31	**(11)**
Total amount recognised in profit or loss	**(118)**	**33**	**(85)**	**(105)**	**31**	**(74)**
Remeasurements						**-**
Return on plan assets greater/(lesser) than discount rate	-	20	**20**	-	1	**1**
Gain / (loss) from change in demographic assumptions	-		**-**	-	-	**-**
Gain / (loss) from change in financial assumptions	(5)		**(5)**	(38)	-	**(38)**
Experience gains/(losses)	(70)		**(70)**	(20)	-	**(20)**
Total amount recognised in other comprehensive income	**(75)**	**20**	**(55)**	**(58)**	**1**	**(57)**
Employer contributions	-	105	**105**	-	70	**70**
Benefit payments	30	(30)	**-**	24	(24)	**-**
At the end of the year	**(905)**	**622**	**(283)**	**(742)**	**494**	**(248)**

ii. The net liability disclosed above related to funded plans is as follows:

Particulars	**As at 31 March 2021**	**As at 31 March 2020**
Present value of funded obligations	(905)	(742)
Fair value of plan assets	622	494
Net liability	**(283)**	**(248)**

iii. The significant actuarial assumptions were as follows:

Particulars	**As at 31 March 2021**	**As at 31 March 2020**
Financial Assumptions		
Discount rate	6.10%	6.20%
Salary escalation rate (taking into account the inflation, seniority, promotions and other relevant factors)	10.00%	10.00%
Demographic Assumptions		
Mortality Rate	Indian Assured Lives Mortality (2006-08)Ult.	Indian Assured Lives Mortality (2006-08)Ult.
Withdrawal Rate	15.00%	15.00%

All amounts are in INR lakhs except per share data and unless stated otherwise

iv. Sensitivity of actuarial assumptions

Particulars	Change in assumption	Impact on defined benefit obligation			
		Year ended 31 March 2021		Year ended 31 March 2020	
		Increase	Decrease	Increase	Decrease
Discount Rate	1%	(51)	56	(42)	47
Salary Escalation rate	1%	54	(49)	45	(41)
Withdrawal rate	5%	(46)	72	(38)	60

Plan is subject to multiple external experience items which may move the Defined Benefit Obligation in similar or opposite directions, while the Plan's sensitivity to such changes can vary over time.

The methods and types of assumptions used in preparing the sensitivity analysis were consistent with prior period.

v. Expected payment for future years:

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

Particulars	As at 31 March 2021	As at 31 March 2020
Within 1 year	117	96
1-2 year	123	99
2-3 year	133	103
3-4 year	138	114
4-5 year	125	118
5-10 year	624	524
Total expected payments	**1,260**	**1,054**

The Company expects to contribute INR 187 to the fund in the next financial year. The weighted average duration of the defined benefit obligation as at 31 March 2020 is 6 years (31 March 2020: 6 years)

b) Provident and Superannuation fund

The Company contributes to employee provident fund for all employees and superannuation fund for eligible employees which are defined contribution plans.These contributions are charged to the statement of profit and loss during the period in which the employee renders the related services. The expense recognised during the year is INR 237 (31 March 2020: INR 222).

c) Long term service awards

The Company provides for long term service liability for eligible employees, based on length of service, based on actuarial valuation performed by an independent actuary using the Projected Unit Cost Method as at the balance sheet date.

Particulars	As at 31 March 2021	As at 31 March 2020
Present value of defined obligation at period end	19	18
Assumptions		
Rate of Discounting	6.10%	6.20%
Mortality Rate	Indian Assured Lives Mortality (2006-08)Ult.	Indian Assured Lives Mortality (2006-08)Ult.
Withdrawal Rate	15.00%	15.00%

Notes to the financial statements *(continued)*
for the year ended 31 March 2021
All amounts are in INR lakhs except per share data and unless stated otherwise

Note 42 - Other disclosures

A. Loan assignment deals

The Company sells loans through direct assignment. The information related to loan assignment made by the Company during the year, as an originator is given below:

Particulars	31 March 2021	31 March 2020
Total number of loan assets assigned during the year (Nos)	951	1,094
Total amount of exposures retained by the Company to comply with MRR	1,788	2,486
Total book value of loan assets assigned	17,099	24,174
Sale consideration received for the assigned assets	17,507	24,592
Gain on account of assigned assets	318	382
Gains amortized during the year as per the RBI guidelines*	Refer note given below	

*Gain on assignment of loans is recognized in the profit and loss account in the year of assignment as per Ind AS. Refer note 3.12.

B. Movement of provision

Particulars	As at 31 March 2020	Created during the year	Utilized/ released during the year	As at 31 March 2021
Provision on securitization of asset portfolio	368	-	272	**96**
Provision for Input tax credit	10,851	347	-	**11,198**
Provision for Value Added Tax (VAT)	54	-	30	**24**
Provision for litigation	1,051	50	178	**923**
Provision for Asset Retirement Obligation	43	3	-	**46**
Provision for expected credit loss on loan commitments	60	-	11	**49**
Total	**12,427**	**400**	**491**	**12,336**

Particulars	As at 01 April 2019	Created during the year	Utilized/ released during the year	As at 31 March 2020
Provision on securitization of asset portfolio	1,578	-	1,210	**368**
Provision for Input tax credit	11,133	-	282	**10,851**
Provision for Value Added Tax (VAT)	222	-	168	**54**
Provision for litigation	1,193	39	181	**1,051**
Provision for Asset Retirement Obligation	47	-	4	**43**
Provision for expected credit loss on loan commitments	1	59	-	**60**
Total	**14,174**	**98**	**1,845**	**12,427**

C. Net debt reconciliation

Particulars	As at 01 April 2020	Cash flow	Interest Expense	Fair Value changes	As at 31 March 2021
Debt securities	401,177	(77,968)	18,884	27,194	369,287
Borrowings	261,221	(9,393)	8,072	-	259,900

Particulars	As at 01 April 2019	Cash flow	Interest Expense	Fair Value changes	As at 31 March 2020
Debt securities	454,765	(62,900)	23,880	(14,568)	401,177
Borrowings	308,949	(61,191)	13,463	-	261,221

D. In accordance with the RBI notification No. RBI/DNBS/2016-17/49 Master Direction DNBS.PPD.01/66.15.001/2016-17 dated September 29, 2016, INR Nil of fraud was detected and reported during the financial year ended 31 March 2021 (31 March 2020: INR 309).

Notes to the financial statements *(continued)*
for the year ended 31 March 2021
All amounts are in INR lakhs except per share data and unless stated otherwise

Note 42 - Other disclosures (continued)

E. In accordance with Master Direction DNBR.PD.008/03.10.119/2016-17 dated September 1, 2016 – Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, the Company did not enter into any credit default swaps during the year ended 31 March 2021 (31 March 2020: Nil).

F. In accordance with Master Direction DNBR.PD.008/03.10.119/2016-17 dated September 1, 2016 – Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, the Company has not lent against gold jewellery during the year ended 31 March 2021 (31 March 2020: Nil).

G. The Company has not accepted deposits within the meaning of 'Public Deposits' as defined in the prudential norms issued by the RBI.

H. Fees and commission expense includes transfer pricing fees amounting to INR 5,159 (31 March 2020: INR 4,764) paid/ accrued to affiliates. These fees are based on refinements in the transfer pricing model which is aimed at simplifying and standardizing country and intercompany reporting while properly recognizing and rewarding components of the value chain through net revenue allocation for respective country locations and legal entities.

I. The Company has proposed and declared an interim dividend of INR 1.30 per equity share on 30 April 2021 amounting to INR 50,000 (inclusive of withholding tax) out of surplus in profit and loss account of prior years and it was paid on 11 May 2021. Since dividend was declared after the reporting period, no obligation existed on the reporting date.

Note 43 - Details of borrowings (other than debt securities)
A. Secured borrowings

i. Workings capital demand loan from banks

Particulars	**As at 31 March 2021**	**As at 31 March 2020**
Residual tenure	NA	Maturing within 1 year
Rate Range	NA	7.70%

The above loan is secured by a pari passu charge on the movable financial assets.

B. Unsecured Borrowings

i. Cash Credit Facility from Banks*

Particulars	**As at 31 March 2021**	**As at 31 March 2020**
Residual tenure	NA	NA
Rate Range	NA	NA

ii. Commercial papers

Particulars	**As at 31 March 2021**	**As at 31 March 2020**
Residual tenure	NA	NA
Discount Rate (Range)	NA	NA

i. Intercorporate borrowings*

Particulars	**As at 31 March 2021**	**As at 31 March 2020**
Residual tenure	Maturing within 1 year	Maturing within 1 year
Rate Range	3.50% to 3.90%	5.00% to 6.40%

*Refer note 35 for borrowings from related parties

Citicorp Finance (India) Limited

Notes to the financial statements *(continued)*
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All amounts are in INR lakhs except per share data and unless stated otherwise

Note 44 - The Company has issued non-convertible redeemable debentures under various series on different terms and conditions.

The Company has issued secured non-convertible debentures under various series on different terms and conditions, which have been secured by a pari passu charge on the Company's immovable property and movable financial assets.

A. Details of secured market linked non-convertible redeemable debentures are as follows:

Series No	Maturity / Call Date	As at 31 March 2021	As at 31 March 2020
730 I	28-Sep-22	3,656	3,656
727 I	12-Sep-22	1,825	1,825
727 III	12-Sep-22	7,650	7,650
728 III	12-Sep-22	1,500	1,500
730 II	12-Sep-22	1,850	1,850
722 III	1-Aug-22	5,803	6,003
723 III	1-Aug-22	3,645	3,645
725 III	1-Aug-22	4,085	4,365
722 II	30-May-22	5,210	5,810
723 II	30-May-22	1,050	1,150
725 II	30-May-22	1,000	1,000
720 I	4-May-22	2,400	2,400
718 I	1-Apr-22	2,075	3,115
719 I	1-Apr-22	300	400
706 I	31-Dec-21	2,330	3,380
711 II	31-Dec-21	2,200	2,400
701 I	30-Nov-21	4,089	4,634
696 I	28-Oct-21	2,645	3,955
690 I	29-Sep-21	2,700	3,356
686 I	9-Sep-21	100	901
687 I	9-Sep-21	300	300
684 I	29-Aug-21	1,760	1,910
656 I	2-Mar-21	-	1,400
654 I	27-Jan-21	-	1,075
650 I	29-Dec-20	-	975
649 I	1-Dec-20	-	1,500
713 I	9-Nov-20	-	2,100
713 II	9-Nov-20	-	2,100
714 II	9-Nov-20	-	1,225
716 II	9-Nov-20	-	1,200
717 I	9-Nov-20	-	900
717 II	9-Nov-20	-	300
718 II	9-Nov-20	-	300
720 II	9-Nov-20	-	2,793
642 I	27-Oct-20	-	50
642 V	27-Oct-20	-	130
647 I	27-Oct-20	-	300
647 II	27-Oct-20	-	50
647 V	27-Oct-20	-	470
647 VI	27-Oct-20	-	100
647 XI	27-Oct-20	-	50
648 VI	27-Oct-20	-	100
638 I	29-Sep-20	-	400
638 II	29-Sep-20	-	100
639 I	29-Sep-20	-	150
639 III	29-Sep-20	-	100
640 I	29-Sep-20	-	1,400
640 II	29-Sep-20	-	125
641 I	29-Sep-20	-	600
641 II	29-Sep-20	-	250
641 III	29-Sep-20	-	50
634 II	30-Aug-20	-	150
634 IV	30-Aug-20	-	100
636 II	30-Aug-20	-	650
636 IV	30-Aug-20	-	280
637 IV	30-Aug-20	-	100
637 VIII	30-Aug-20	-	100

Series No	Maturity / Call Date	As at 31 March 2021	As at 31 March 2020
731 I	28-Sep-22	2,140	2,290
732 I	28-Sep-22	2,340	2,340
733 I	28-Sep-22	700	700
736 I	28-Sep-22	1,405	1,405
739 III	30-Nov-22	2,840	2,840
741 I	24-Sep-21	3,955	4,155
742 I	24-Sep-21	3,150	3,150
743 I	24-Sep-21	975	1,075
744 I	24-Sep-21	2,600	2,700
753 I	27-Jul-21	8,800	8,900
754 I	27-Jul-21	1,830	1,930
756 II	28-May-21	4,265	4,265
757 I	28-May-21	200	200
732 II	29-Oct-20	-	4,940
733 II	29-Oct-20	-	4,160
736 II	29-Oct-20	-	1,826
737 IV	22-Jun-20	-	13,750
738 IV	22-Jun-20	-	3,000
738 II	29-Oct-20	-	2,000
749 II	29-Mar-21	-	6,945
751 I	29-Mar-21	-	1,150
756 I	22-Jul-20	-	5,000
758 I	17-Sep-20	-	12,000
641 V	1-Jun-20	-	100
647 VIII	1-Jun-20	-	200
647 IX	1-Jun-20	-	200
640 V	29-Jun-20	-	200
635 V	25-Aug-20	-	776
633 I	5-Aug-20	-	50
632 I	29-Jul-20	-	300
626 I	28-Jul-20	-	210
628 II	22-Jul-20	-	876
623 I	27-Jun-20	-	200
620 I	13-Jun-20	-	125
726 II	3-Jun-20	-	8,500
727 II	3-Jun-20	-	7,865
728 II	3-Jun-20	-	6,900
761 I	29-Sep-23	6,150	-
762 III	30-Dec-21	5,120	-
763 I	30-Nov-23	3,485	-
764 I	25-Aug-22	2,355	-
766 I	31-Mar-22	1,475	-
769 I	29-Mar-24	1,460	-
772 I	29-Jul-24	4,560	-
774 I	26-May-23	3,846	-
776 I	26-May-23	510	-
778 I	30-Sep-24	3,234	-
Total		**125,568**	**204,101**

All amounts are in INR lakhs except per share data and unless stated otherwise

B. Details of secured non-convertible redeemable debentures are as follows:

Series No	Interest rate	Maturity / Call Date	As at 31 March 2021	As at 31 March 2020
740 A	8.00%	19-Jun-20	-	5,000
745 I	7.00%	20-May-20	-	5,000
750 I	6.60%	6-Apr-20	-	5,000
755 I	6.00%	19-May-20	-	10,000
755 II	6.25%	18-Aug-20	-	5,000
758 II	6.95%	20-Oct-20	-	75,000
759 I	6.50%	19-Oct-20	-	20,000
760 I	7.60%	30-Jun-20	-	75,000
765 II	4.00%	20-Apr-21	2,400	-
771 I	4.00%	22-Jul-21	5,000	-
773 I	4.70%	24-Aug-21	23,000	
776 II	4.15%	16-Jun-21	50,000	-
Total			**80,400**	**200,000**

C. Details of unsecured non-convertible redeemable debentures are as follows:

Series No	Interest rate	Maturity / Call Date	As at 31 March 2021	As at 31 March 2020
777 I	4.65%	22-Jun-21	30,000	-
777 II	5.00%	21-Sep-21	50,000	-
778 II	4.92%	28-Sep-21	60,000	-
Total			**140,000**	**-**

Citicorp Finance (India) Limited

Notes to the financial statements *(continued)*

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All amounts are in INR lakhs except per share data and unless stated otherwise

Note 45 - Details of Loan Assets subjected to Restructuring as at 31 March 2021

	Type of Restructuring		Others				
	Asset Classification		Standard	Sub Standard	Doubtful	Loss	Total
Sr. No	Details						
1	Restructured Accounts as on 01 April of the FY (opening figures)	No.of borrowers	-	-	-	-	-
		Amount outstanding	-	-	-	-	-
		Provision thereon	-	-	-	-	-
2	Fresh restructuring during the year	No.of borrowers	-	-	-	-	-
		Amount outstanding	-	-	-	-	-
		Provision thereon	-	-	-	-	-
3	Upgradations to restructured standard category during the FY	No.of borrowers	-	-	-	-	-
		Amount outstanding	-	-	-	-	-
		Provision thereon	-	-	-	-	-
4	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No.of borrowers	-	-	-	-	-
		Amount outstanding	-	-	-	-	-
		Provision thereon	-	-	-	-	-
5	Downgradations of restructured accounts during the FY	No. of borrowers	-	-	-	-	-
		Amount outstanding	-	-	-	-	-
		Provision thereon	-	-	-	-	-
6	Write-offs (includes recovery) of restructured accounts during the FY	No. of borrowers	-	-	-	-	-
		Amount outstanding	-	-	-	-	-
		Provision thereon	-	-	-	-	-
7	Restructured Accounts as on 31 March of the FY (closing figures)	No. of borrowers	-	-	-	-	-
		Amount outstanding	-	-	-	-	-
		Provision thereon	-	-	-	-	-

There are no cases restructured on account of CDR mechanism or SME debt restructuring in the current or previous year.

Loan Assets subjected to Restructuring as at 31 March 2020 - NIL

All amounts are in INR lakhs except per share data and unless stated otherwise

Note 46 - RBI Disclosures

Accompanying financial statements have been prepared basis Ind AS and accordingly, below disclosures are also prepared basis Ind AS.

a) As required in terms of paragraph 19 of RBI/DNBR/2016-17/45 - Master Direction DNBR.PD.008/03.10.119/2016-17 dated September 1, 2016 – Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.

Particulars	As at 31 March 2021		As at 31 March 2020	
	Amount outstanding	Amount overdue	Amount outstanding	Amount overdue
Liabilities side:				
1. Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:				
(a) Debentures: Secured	229,132	-	401,177	-
Unsecured	140,155	-	-	-
(other than falling within the meaning of public deposits (see note 1 below))				
(b) Deferred credits	-	-	-	-
(c) Term loans	-	-	-	-
(d) Inter-corporate loans and borrowings	258,268	-	206,248	-
(e) Commercial Paper	-	-	-	-
(f) Other Loans – WCDL	-	-	50,051	-
(g) Other Loans – Overdraft	1,632	-	4,919	-
(h) Other Loans – Finance lease obligation	-	-	3	-

Assets side:

Particulars	As at 31 March 2021	As at 31 March 2020
	Amount outstanding	Amount outstanding
2. Break-up of loans and advances including bills receivables [other than those included in (3) below]: refer note 4 below		
(a) Secured	336,056	386,661
(b) Unsecured	215,089	387,559

Particulars	As at 31 March 2021	As at 31 March 2020
	Amount outstanding	Amount outstanding
3. Break up of leased assets and stock on hire and hypothecation loans counting towards AFC activities: refer note 2 below		
(i) Lease assets including lease rentals under sundry debtors :		
(a) Finance lease	-	-
(b) Operating lease	-	-
(ii) Stock on hire including hire charges under sundry debtors:		
(a)Assets on hire	-	-
(b)Repossessed Assets	-	-
(iii)Other loans counting towards AFC activities		
(a) Loans where assets have been repossessed	77	2
(b) Loans other than (a) above	208,028	90,834

Particulars	As at 31 March 2021	As at 31 March 2020
	Amount outstanding	Amount outstanding
Assets side :		
4. Break-up of Investments :		
Current Investments :		
1. Quoted :		
(i)Shares:		
(a)Equity	-	-
(b)Preference	-	-
(ii) Debentures and Bonds	98,233	54,450
(iii) Units of mutual funds	-	-
(iv) Government Securities	-	-
(v) Others – Commercial Paper	-	-
2.Unquoted :		
(i)Shares:		
(a)Equity	-	-
(b)Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of mutual funds	-	-
(iv) Government Securities	-	-
(v) Others – Commercial paper	-	-
Long Term Investments :		
1. Quoted :		
(i)Shares:		
(a)Equity	-	-
(b)Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of mutual funds	-	-
(iv) Government Securities	-	-
(v) Others	-	-
2. Unquoted :		
(i)Shares:		
(a)Equity	14,944	12,980
(b)Preference	-	-
(ii)Debentures and Bonds	-	-
(iii) Units of mutual funds	-	-
(iv) Government Securities	-	-
(v) Others	-	-

Notes to the financial statements *(continued)*
for the year ended 31 March 2021
All amounts are in INR lakhs except per share data and unless stated otherwise

5. Borrower group-wise classification of assets financed as in (2) and (3) above :Refer note 2 below

Category	As at 31 March 2021			As at 31 March 2020		
	Amounts net of provision			Amounts net of provision		
	Secured	Unsecured	Total	Secured	Unsecured	Total
1. Related Parties **						
(a)Subsidiaries	-	-	-	-	-	-
(b)Companies in the same group***	-	-	-	-	3,901	3,901
(c)Other related parties	-	-	-	-	-	-
2. Other than related parties	537,597	209,960	747,557	477,461	383,136	860,597
Total	**537,597**	**209,960**	**747,557**	**477,461**	**387,037**	**864,498**

** As per Ind AS 24 - Please see Note 3
*** Includes exposure on companies in the same group.

6. Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted): Please see note 3 below

Category	As at 31 March 2021		As at 31 March 2020	
	Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)	Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)
1. Related Parties **				
(a)Subsidiaries	-	-	-	-
(b)Companies in the same group	-	-	-	-
(c)Other related parties	21,033	8,700	18,481	8,700
2. Other than related parties	104,477	104,477	58,730	58,730
Total	**125,510**	**113,177**	**77,211**	**67,430**

** As per Ind AS 24 - Please see Note 3

7. Other information

Particulars	As at 31 March 2021	As at 31 March 2020
(i) Gross Non-Performing Assets		
(a) Related parties	-	-
(b) Other than related parties	379	808
(ii) Net Non-Performing Assets		
(a) Related parties	-	-
(b) Other than related parties	224	250
(iii) Assets acquired in satisfaction of debt	-	-

Notes:
1 As defined in point xix of paragraph 3 of Chapter -2 of Master Direction - Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016
2 Stage 3 ECL provision is considered as NPA provision for the purpose of these disclosures.
3 All Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act 2013 read with the Companies (Indian Accounting Standards) Rules, 2015 as amended by Companies (Indian Accounting Standards) Amendments Rules 2016 issued by the Central Government, are applicable including for valuation of investments and other assets and including assets acquired in satisfaction of debt. However, break up/fair value/NAV in respect of unquoted investments are disclosed irrespective of whether they are classified as long term or current in column (4) above.
4 Loans and advances are reported at gross carrying amount.

7 i. CRAR

Items	As at 31 March 2021	As at 31 March 2020
(i) CRAR (%)	**45.50%**	41.87%
(ii) CRAR - Tier I capital (%)	**44.82%**	41.41%
(iii) CRAR - Tier II Capital (%)	**0.68%**	0.46%
(iv) Amount of subordinated debt raised as Tier-II capital	**-**	-
(v) Amount raised by issue of Perpetual Debt Instruments	**-**	-

7 ii. Exposures

Exposure to real estate sector

Category	As at 31 March 2021	As at 31 March 2020
a) Direct exposure		
i. Residential Mortgages		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented;	-	-
ii. Commercial Real Estate		
Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits;	-	-
iii. Investments in Mortgage Backed Securities (MBS) and other securitized exposures -		
a. Residential	-	-
b. Commercial Real Estate	-	-
b) Indirect Exposure		
i. Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	56,500	40,500
ii. Any other	1,150	1,950
Total exposure to real estate sector	**57,650**	**42,450**

Notes to the financial statements *(continued)*
for the year ended 31 March 2021
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Exposure to capital markets

Particulars	As at 31 March 2021	As at 31 March 2020
(i) direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	14,944	12,980
(ii) advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds; *	62,020	41,202
(iii) advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	240,030	271,865
(iv) advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds' does not fully cover the advances;	-	-
(v) secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	10,000	19,000
(vi) loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	19,212	-
(vii) bridge loans to companies against expected equity flows / issues;	-	-
(viii) all exposures to Venture Capital Funds (both registered and unregistered)	2,136	5,856
Total Exposure to Capital Market	**348,342**	**350,903**

* includes corporates

7 iii. Maturity pattern of certain items of assets and liabilities

As at 31 March 2021	1 day to 7 days	8 days to 14 days	15 days to 30/31 days	Over 1 month upto 2 Month	Over 2 months upto 3 months	Over 3 month & up to 6 month	Over 6 Month & up to 1 year	Over 1 year & up to 3 years	Over 3 years & upto 5 years	Over 5 years	Total
Liabilities											
Debt securities	-	-	2,451	4,777	80,129	167,967	20,800	79,028	7,563	6,572	369,287
Borrowings	1,632	10,000	53,877	39,016	39,395	104,602	11,334	31	-	13	259,900
Foreign Currency Liabilities	-	-	-	-	-	-	-	-	-	-	-
Assets											
Advances	14,546	27,020	58,830	48,694	67,033	168,157	101,035	211,382	46,193	6,854	749,744
Investments*	-	-	-	-	-	9,454	15,756	31,512	38,340	18,115	113,177
Foreign Currency Assets	-	-	-	-	-	-	-	-	-	-	-

As at 31 March 2020	1 day to 7 days	8 days to 14 days	15 days to 30/31 days	Over 1 month upto 2 Month	Over 2 months upto 3 months	Over 3 month & up to 6 month	Over 6 Month & up to 1 year	Over 1 year & up to 3 years	Over 3 years & upto 5 years	Over 5 years	Total
Liabilities											
Debt securities	5,233	-	-	15,287	124,892	30,312	136,984	109,329	-	(20,860)	401,177
Borrowings	71,042	16,251	59,301	24,061	35,066	30,414	25,086	-	-	-	261,221
Foreign Currency Liabilities	-	-	-	-	-	-	-	-	-	-	-
Assets											
Advances	24,380	34,781	76,341	99,982	89,157	59,633	221,133	200,742	46,141	5,455	857,745
Investments	-	24,653	-	-	-	-	-	-	-	42,777	67,430
Foreign Currency Assets	-	-	-	-	-	-	-	-	-	-	-

* Investments are bucketed as per contractual maturity

7 iv. Investments

Particulars	As at 31 March 2021	As at 31 March 2020
1 Value of Investments		
(i) Gross Value of Investments	113,177	67,430
(a) In India	113,177	67,430
(b) Outside India,	-	-
(ii) Provisions for Depreciation	-	-
(a) In India	-	-
(b) Outside India,		
(iii) Net Value of Investments	113,177	67,430
(a) In India	113,177	67,430
(b) Outside India.		
2 Movement of provisions held towards depreciation on investments.	-	-
(i) Opening balance	-	-
(ii) Add : Provisions made during the year	-	-
(iii) Less: Write-off / write-back of excess provisions during the year	-	-
(iv) Closing balance	-	-

7 v. Details of Non-performing Financial Assets sold / purchased - Nil

7 vi. Details of Single Borrower limit (SGL) / Group Borrower Limit (GBL) exceeded by NBFC:

During the year ended 31 March 2021 and 31 March 2020, the Company's credit exposure to single borrowers and group borrowers were within the limits prescribed by the RBI.

7 vii. Unsecured advances - There are no unsecured advances against intangible assets as at 31 March 2021 (previous year: Nil)

7 viii. Disclosure of penalties imposed by the RBI and other regulators – Nil during the year ended 31 March 2021 (previous year: Nil)

7 ix. Draw down from Reserve - Nil during the year ended 31 March 2021 (previous year: Nil)

7 x. Overseas Assets (For those with joint ventures and subsidiaries abroad)
The Company does not have joint ventures or subsidiaries, hence not applicable.

7 xi. Sector wise NPA (Stage 3 loans have been considered as NPA for the purpose of this disclosure)

Sector	Percentage of NPAs to total advances in that sector	
	As at 31 March 2021	As at 31 March 2020
1 Agriculture & allied activities	0.25%	0.09%
2 MSME	-	0.41%
3 Corporate borrowers	-	-
4 Services	0.08%	-
5 Unsecured personal loans	0.01%	0.39%
6 Auto loans	-	-
7 Others	-	-

Notes to the financial statements *(continued)*
for the year ended 31 March 2021
All amounts are in INR lakhs except per share data and unless stated otherwise

7 xii. Concentration of NPAs (Stage 3 loans have been considered as NPA for the purpose of this disclosure)

Particulars	As at 31 March 2021	As at 31 March 2020
Total exposure to top four NPA accounts	136	89

7 xiii. Customer complaints

Particulars	As at 31 March 2021	As at 31 March 2020
No. of complaints pending at the beginning of the year	18	1
No. of complaints received during the year	610	439
No. of complaints redressed during the year	595	422
No. of complaints pending at the end of the year	33	18

7 xiv. Movement of NPAs (Stage 3 loans have been considered as NPA for the purpose of this disclosure)

Particulars	As at 31 March 2021	As at 31 March 2020
Net NPAs to Net Advances (%)	0.03%	0.03%
Movement of NPAs (Gross)		
a) Opening balance	808	781
b) Additions during the year	1,915	4,861
c) Reductions during the year	2,344	4,834
d) Closing balance	379	808
Movement of Net NPAs		
a) Opening balance	250	189
b) Additions during the year	609	4,363
c) Reductions during the year	635	4,302
d) Closing balance	224	250
Movement of provisions for NPAs (excluding provisions on standard assets)		
a) Opening balance	558	592
b) Additions during the year	1,306	498
c) Reductions during the year	1,709	532
d) Closing balance	155	558

7 xv. Registration obtained from other financial sector regulators - NA

7 xvi. Break up of 'Provisions and Contingencies' shown under the head expenditure in the statement of profit and loss

Particulars	As at 31 March 2021	As at 31 March 2020
Provision for Cenvat Credit*	347	(282)
Provision for VAT*	-	(168)
Provision for Litigations*	(124)	(105)
Provision for Securitisation*	-	(1,184)
Provision for Expected credit loss on loan commitments*	(11)	59
Provision for ARO*	3	(4)
Provision for Income Tax - Current tax	3,913	3,638
Provision for Standard Assets (Stage 1 & Stage 2)	2,598	3,261
Provision for NPA (Stage 3 assets)*	(403)	(34)

*Negative amount pertains to release of provisions.

7 xvii. Credit Ratings

Particulars	As at 31 March 2021		As at 31 March 2020	
(i) Rating Assigned*	"Stable"		"Stable"	
(ii) Name of the Rating Agency	ICRA	CRISIL	ICRA	CRISIL
(iii) Rating of products				
(a) Commercial Paper	(ICRA) A1+	CRISIL A1+	(ICRA) A1+	CRISIL A1+
(b) Inter-corporate borrowings	(ICRA) A1+	CRISIL A1+	(ICRA) A1+	CRISIL A1+
c) Non convertible Debentures	(ICRA) AAA (Stable)	CRISIL AAA (Stable)	(ICRA) AAA (Stable)	CRISIL AAA (Stable)
(d) Market Linked Debentures	PP-MLD (ICRA) AAA (Stable)	CRISIL PP-MLD AAAr (Stable)	PP-MLD (ICRA) AAA (Stable)	CRISIL PP-MLD AAAr (Stable)

*CRISIL ratings as on 30 March 2021 and ICRA ratings as on 8 March 2021.

All amounts are in INR lakhs except per share data and unless stated otherwise

7 xviii. Concentration of Advances and Exposures

Details	As at 31 March 2021	As at 31 March 2020
Total advances to twenty largest borrowers	388,893	416,962
Percentage of advances to twenty largest borrowers to total advances of the Company	52%	49%
Total exposure to twenty largest borrowers /customers	496,200	567,100
Percentage of exposures to twenty largest borrowers / customers to total exposure of the Company on borrowers / customers	56%	68%

7 xix. Disclosure pursuant to Reserve Bank of India notification DOR (NBFC).CC.PD.No.109 /22.10.106/2019-20 dated 13 March 2020

As at 31 March 2021

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
1	2	3	4	5 = 3-4	6	7=4-6
Performing Assets						
Standard	Stage 1	743,756	7,214	736,542	2,975	4,239
	Stage 2	3,139	1,682	1,457	12	1,670
Subtotal		746,895	8,896	737,999	2,987	5,909
Non Performing Assets						
Substandard	Stage 1	38	7	31	4	3
	Stage 2	588	428	160	59	369
	Stage 3	355	136	219	36	100
Subtotal for substandard		981	571	410	99	472
Doubtful - upto 1 year	Stage 2	21	16	5	4	12
1 to 3 years	Stage 2	5	4	1	2	2
1 to 3 years	Stage 3	24	19	5	7	12
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful		50	39	11	13	26
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		1,031	610	421	111	499
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	4,730	49	4,681	-	49
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		4,730	49	4,681	-	49
Total	Stage 1	748,524	7,270	741,254	2,979	4,291
	Stage 2	3,753	2,130	1,623	77	2,053
	Stage 3	379	155	224	43	112
	Total	752,656	9,555	743,102	3,099	6,456

As at 31 March 2020

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
1	2	3	4	5 = 3-4	6	7=4-6
Performing Assets						
Standard	Stage 1	846,510	5,445	841,065	3,386	2,059
	Stage 2	4,782	763	4,019	33	730
Subtotal		851,292	6,208	845,084	3,419	2,789
Non Performing Assets						
Substandard	Stage 1	38	3	35	4	(1)
	Stage 2	839	542	297	84	458
	Stage 3	714	500	214	71	429
Subtotal for substandard		1,591	1,045	546	159	886
Doubtful - upto 1 year	Stage 3	91	56	35	61	(5)
1 to 3 years	Stage 3	3	2	1	3	(1)
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful	Stage 3	94	58	36	64	(6)
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		1,685	1,103	582	223	880
Other items such as guarantees,	Stage 1	15,567	60	15,507	-	60
loan commitments, etc. which are in	Stage 2	-	-	-	-	-
the scope of Ind AS 109 but not	Stage 3	-	-	-	-	-
covered under current Income						
Subtotal		15,567	60	15,507	-	60
Total	Stage 1	862,115	5,508	856,607	3,390	2,118
	Stage 2	5,621	1,305	4,316	117	1,188
	Stage 3	808	558	250	135	423
	Total	868,544	7,371	861,173	3,642	3,729

7 xx. Disclosure pursuant to Reserve Bank of India Circular DOR.NBFC (PD) CC. No.102/03.10.001/2019-20 pertaining to Liquidity Risk Management Framework for Non-Banking Financial Companies

RBI has issued final guidelines on Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies on November 04, 2019. As per the said guidelines, NBFCs' are required to publicly disclose the below information related to liquidity risk on a quarterly basis. Accordingly, the disclosure on liquidity risk as at March 31, 2021 is as under:

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

		As at 31 March 2021			As at 31 March 2020		
Sr. No	Number of Significant counterparties	Amount	%of Total deposits	%of Total Liabilities	Amount	%of Total deposits	%of Total Liabilities
1	11	432,150	NA	66.18%	466,100	NA	68.27%

(ii) Top 20 large deposits(amount in Rs Lakhs and % of total deposits) - NA

(iii) Top 10 borrowings(amount in Rs lakhs and % of total borrowings) *

	As at 31 March 2021		As at 31 March 2020	
Sr. No	Amount	%of Total Borrowings	Amount	%of Total Borrowings
1	170,000	27.02%	155,000	23.40%
2	50,000	7.95%	150,000	22.64%
3	50,000	7.95%	50,000	7.55%
4	35,000	5.56%	35,000	5.28%
5	25,000	3.97%	16,000	2.42%
6	23,000	3.66%	15,000	2.26%
7	20,850	3.31%	10,000	1.51%
8	20,000	3.18%	10,000	1.51%
9	20,000	3.18%	10,000	1.51%
10	12,300	1.95%	7,600	1.15%

(iv) Funding concentration based on significant instrument/product *

		As at 31 March 2021		As at 31 March 2020	
Sr. No	Name of the instrument/product	Amount	%of Total Liabilities	Amount	%of Total Liabilities
1	Debentures	345,968	52.99%	404,101	59.19%
2	Inter Corporate Borrowings	256,309	39.25%	204,800	30.00%
3	Bank Borrowings	-	0.00%	50,000	7.32%

(v) Stock Ratios *

Ratio	As at 31 March 2021	As at 31 March 2020
Commercial paper		
/ total public funds	0%	0%
/ total liabilities	0%	0%
/ total Assets	0%	0%
Short Term Non-convertible debentures		
/ total public funds	0%	0%
/ total liabilities	0%	0%
/ total Assets	0%	0%
Other short-term liabilities		
/ total public funds	47%	44%
/ total liabilities	43%	43%
/ total Assets	26%	27%

vi) LCR Disclosure for 2020-2021
Reserve Bank of India (RBI) introduced the Liquidity Coverage Ratio (LCR) as a part of 'Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies' dated November 04, 2019. It requires all non-deposit taking NBFCs with asset size of INR 10,000 crore and above to maintain a liquidity buffer in terms of LCR which will promote resilience of NBFCs to potential liquidity disruptions by ensuring that they have sufficient High Quality Liquid Assets (HQLA) to survive any acute liquidity stress scenario lasting for 30 days.
The LCR requirement is binding on NBFCs from December 1, 2020, with HQLA to be held for a minimum 50% LCR, progressively increasing to 100% by December 1, 2024, as per the timeline below:

From	1-Dec-2020	1-Dec-2021	1-Dec-2022	1-Dec-2023	1-Dec-2024
Minimum LCR	50%	60%	70%	85%	100%

During the quarter ending March 31, 2021, CFIL maintained average monthly LCR of 151% for the quarter against the requirement of 50%. HQLA for the period mainly comprised current account balances with Scheduled Commercial Banks.

CFIL's funding sources include Non-Convertible Debentures (NCD), Market Linked Debentures (MLD), Inter Corporate Deposits (ICD), Commercial Papers (CP), and Lines of Credit from Banks. As of 31st March 2021, CFIL's funding was primarily in the form of Debentures (52.99% of Total Liabilities) and ICDs (39.25% of Total Liabilities). The largest exposure to a single counterparty was 26.04% of Total Liabilities.

In LCR report for 31st March 2021, Unsecured Wholesale funding (mainly, repayment obligations for ICDs) formed bulk of the weighed cash outflows at 61.17%. CFIL's Derivative exposures comprise of equity hedges for MLDs. Collateral for these derivative positions is kept in the form of cash and fixed deposits. In LCR report for 31st March 2021, the weighted cash outflow for derivative exposures and collateral requirements was 12.47%. Sundry creditors and expenses payable formed 17.22% of weighted cash outflows. Weighted cash inflows in the report primarily comprised of Lines of credit (45.32%), Corporate Loans (20.99%), and Other inflows mainly in the form of Bank FDs with maturity less than 30days (28.72%).

		As at 30 June 2020		As at 30 September 2020		As at 31 December 2020		As at 31 March 2021	
	Particulars	**Total Unweighted Value (average)#**	**Total Weighted Value (average)#**	**Total Unweighted Value (average)#**	**Total Weighted Value (average)#**	**Total Unweighted Value (average)#**	**Total Weighted Value (average)#**	**Total Unweighted Value (average)#**	**Total Weighted Value (average)#**
High Quality Liquid Assets									
1	Total High Quality Liquid								
	Cash (Current Account)	48,612	48,612	45,250	45,250	34,712	34,712	38,535	38,535
Cash Outflows									
2	Deposits (for deposit taking companies)	-	-	-	-	-	-	-	-
3	Unsecured wholesale funding	33,479	38,501	44,408	51,070	45,522	52,351	55,817	64,190
4	Secured wholesale funding	7,473	8,594	6,823	7,846	1,731	1,991	-	-
5	Additional requirements, of which	-	-	-	-	-	-	-	-
(i)	Outflows related to derivative exposures and other collateral requirements	13,427	15,441	13,015	14,967	13,016	14,968	13,157	15,130
(ii)	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
(iii)	Credit and liquidity facilities	106	123	1,266	1,456	1,880	2,161	2,805	3,226
6	Other contractual funding obligations	9,296	10,690	15,475	17,797	14,246	16,383	17,264	19,853
7	Other contingent funding obligations	437	502	-	-	-	-	-	-
8	**TOTAL CASH OUTFLOWS**	64,218	73,851	80,987	93,136	76,395	87,854	89,043	102,399
Cash Inflows									
9	Secured lending	60,363	45,272	51,093	38,320	101,116	75,837	88,893	66,670
10	Inflows from fully performing	28,237	21,178	26,890	20,167	32,610	24,458	18,457	13,843
11	Other cash inflows	187,874	140,905	200,053	150,040	212,829	159,622	254,226	190,669
12	**TOTAL CASH INFLOWS**	276,474	207,355	278,036	208,527	346,556	259,917	361,576	271,182
		Total Adjusted value		**Total Adjusted value**		**Total Adjusted value**		**Total Adjusted value**	
13	**TOTAL HQLA**		48,612		45,250		34,712		38,535
14	**TOTAL NET CASH OUTFLOWS**		18,463		23,284		21,964		25,600
15	**LIQUIDITY COVERAGE RATIO (%)**		263%		194%		158%		151%

The average weighted and unweighted amounts are calculated taking simple averages of monthly observations for the respective quarters

(vii) Institutional set-up for liquidity risk manangement
a)Board of Directors
b)Risk Management Committee (RMC)
c)Asset-Liability Management Committee (ALCO)
d)Asset-Liability Management Support Group

* Notes:

i. Total Public Funds to be computed as Gross Total Debt (Face value of Non-convertible debentures, Market Linked Debentures, Inter corporate borrowings and Borrowings from banks).
ii. Other Short-term Liabilities – Total Liabilities due within a year, basis extant regulatory ALM guidelines.
iii. Total Liabilities has been computed as sum of all liabilities (Balance Sheet figure) less Equities and Reserves/Surplus. Total Assets taken as the Balance Sheet figure.
iv. Outstanding Amount have been considered in case of Term Loans (TLs), Working Capital (WC), Line of Credit (LOC) and Overdraft facilities (OD); Face Values has been considered in case of Inter corporate borrowings, Non – Convertible Debentures (NCDs) and Market Linked Debentures (MLDs).

7 xxi. Disclosure pursuant to Reserve Bank of India Circular DOR.No.BP.BC.63/21.04.048/2019-20 dated 17 April 2020 pertaining to Asset Classification and Provisioning in terms of COVID19 Regulatory Package

Sr no	**Disclosure Statement**	**As at 31 March 2021**	**As at 31 March 2020**
1	Respective amounts in SMA/overdue categories, where the moratorium/deferment was extended, in terms of paragraph 2 and 3 of the RBI communication on Moratorium	3,849	1,209
2	Respective amount where asset classification benefits is extended	-	260
3	General provisions made*	-	-
4	General provision adjusted during the period against slippages and the residual provisions.	-	-

*The Company, being NBFC, has complied with Ind AS and guidelines duly approved by the Board for recognition of the impairment.

7 xxii. Details of financing of parent company products
There is no Financing during the current year.

7 xxiii. Disclosures pertaining to Fund raising by issuance of Debt Securities by Large Corporate
The Company, as per the SEBI circular SEBI/HO/DDHS/CIR/P/2018/144, and the definitions therein, is a Large Corporate and hence is required to disclose the following information about its borrowings

Annexure A

Sr. No.	Particulars	Details
1	Name of the company	Citicorp Finance India Limited
2	CIN	U65910MH1997PLC253897
3	Outstanding borrowing of company as on 31st March 2021, as applicable (in INR lakhs)	602,277
4	Highest Credit Rating During the previous FY along with name of the Credit Rating Agency	ICRA - AAA Stable
5	Name of Stock Exchange in which the fine shall be paid, in case of shortfall in the required borrowing under the framework	National Stock Exchange

Annexure B1

Sr. No.	Particulars	Amount
1	Incremental borrowing done in FY (a)	401,095
2	Mandatory borrowing to be done through issuance of debt securities	100,274
3	Actual borrowings done through debt securities in FY (c)	401,095
4	Shortfall in the mandatory borrowing through debt securities, if any (d) = (b) - (c) NIL	Nil
5	Reasons for short fall, if any, in mandatory borrowings through debt securities	NA

7 xxiv. RBI circular dated 7 April 2021
In accordance with the instructions of the RBI Circular on ‘Asset Classification and Income Recognition following the expiry of Covid-19 regulatory package’ dated April 07, 2021, the Company shall refund/ adjust ‘interest on interest’ to all borrowers including those who had availed of working capital facilities during the moratorium period, irrespective of whether moratorium had been fully or partially availed, or not availed. Pursuant to these instructions, the methodology for calculation of the amount of such ‘interest on interest’ has been circulated by the Indian Banks Association (‘IBA’). Based on the methodology recommended by the IBA, the Company has calculated the said amount to be refunded/adjusted and accordingly reduced INR 35 (31 March 2020: Nil) from the interest income for the year ended March 31, 2021.

Note 47 - Disclosure under clause 16 of the Listing Agreement for Debt Securities
The Secured listed Non-Convertible Debentures of the Company are secured by first pari passu mortgage of immovable property situated at J.B.Nagar, Andheri (East), Mumbai - 400 093, and first pari passu charge on receivables of the Company by way of hypothecation.

Note 48 - Impact of COVID-19
The COVID – 19 pandemic has affected several countries across the world, including India. The pandemic and consequent lockdown imposed by the Government considerably impacted the Company's business operations during the year. The extent to which the COVID – 19 will continue to impact Company's results, including credit quality and provisions, remain uncertain and would depend upon the time taken for economic activities to fully resume and reach normal levels.
In accordance with the regulatory package announced by the Reserve Bank of India (RBI) on March 27, 2020, April 17, 2020 and May 22, 2020, the Company has granted a moratorium for the payment of all instalments falling due between March 1, 2020 and August 31, 2020 to all eligible borrowers that have opted to avail the same.

Note 49 - Citigroup Inc, Citi, the ultimate shareholder of the Company, on April 15, 2021, announced strategic actions in Global Consumer Banking ('GCB')—as part of an ongoing strategic review—to direct investments and resources to the businesses where it has the greatest scale and growth potential. As a result, Citi intends to pursue exits from its consumer franchises in 13 markets across EMEA and Asia region, which includes India. Citigroup's Institutional Clients Group will continue to serve clients in these markets. The Company is evaluating an exit of the GCB Business in India via a sale transaction. The management has not approved entering into any binding sale agreement, as at the date of adoption of this financial statements. Consequently the outcome of the same is not definitively ascertained.

Note 50 - Figures for the previous year have been re-grouped wherever necessary, to confirm to current year's classification.

For MSKA & Associates
Chartered Accountants
Firm's Registration No: 105047W

For and on behalf of the Board of Directors
Citicorp Finance (India) Limited

sd/-
Amrish Vaidya
Partner
Membership No: 101739

sd/-
Nina Nagpal
Managing Director
DIN: 00138918

sd/-
Rohit Ranjan
Director
DIN: 00003480

sd/-
Ankit Goyal
Chief Financial Officer

sd/-
Sameer Upadhyay
Company Secretary

Mumbai
Date: June 25, 2021

MSKA
& Associates
Chartered Accountants

602, Floor 6, Raheja Titanium
Western Express Highway, Geetanjali
Railway Colony, Ram Nagar, Goregaon (E)
Mumbai 400063, INDIA
Tel: +91 22 6831 1600

INDEPENDENT AUDITOR'S REPORT

To the Members of Citicorp Finance (India) Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Citicorp Finance (India) Limited (hereinafter referred to as the "Holding Company") and its Associate Company which comprise the Consolidated Balance Sheet as at March 31, 2021, and the Consolidated Statement of Profit and Loss, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and notes to the Consolidated Financial Statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on consideration of reports of other auditors on separate financial statements of the Associate Company, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the 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 accepted in India, of their consolidated state of affairs of the Holding Company and its Associate Company as at March 31, 2021, of their consolidated profit, consolidated changes in equity and their consolidated cash flows for the year then ended.

Basis for Opinion

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

Emphasis of Matter

We draw attention to Note 47 to the consolidated financial statements, which describes that the extent to which the COVID-19 Pandemic will continue to impact the Holding Company's consolidated financial statements will depend on ongoing and uncertain future developments.

Our opinion is not modified in respect of this matter.

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<table>
<tr><td colspan="2">Classification and Measurement of Expected Credit Loss (ECL) on Financial Assets - Loans

Total ECL Provision as at March 31, 2021 – INR 9,506 lakhs
Charge to the Statement of Profit and Loss – INR 2,184 lakhs

Note 3.11 on Significant Accounting Policies, Note 8 and Note 27 of the Consolidated Financial Statements</td></tr>
<tr><td>Key Audit Matter</td><td>How our audit addressed the Key Audit Matter</td></tr>
<tr><td>Recognition and measurement of impairment relating to financial assets involves significant management judgement. With the applicability of Ind AS 109 "Financial Instruments", credit loss assessment is based on ECL model which is forward looking Expected Loss Approach.

The Holding Company's impairment allowance is computed based on estimates including the historical default and loss ratios. Management exercises judgement in determining the quantum of loss based on a range of factors. The most significant areas are:
• Portfolio Segmentation
• Asset staging criteria
• Calculation of probability of default/ Loss given default/ Credit conversion factor basis the portfolio segmentation
• Consideration of probability of forward looking macro-economic factors specially for COVID-19 impact

The Holding 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.</td><td>Examined the policy on ECL for impairment of financial assets and assessed compliance with Ind AS 109.

Understood the process of ECL computation and tested design and operating effectiveness of key controls around data extraction and validation.

Evaluating management's controls over collation of relevant information used for determining estimates for management overlays on account of COVID-19.

Involved specialists to review the methodology of the computation of staging of loans, estimation of probability of default, its calibration, and estimation of loss given default.

Reconciled the total loans considered for ECL estimation with the books of accounts to ensure the completeness.

Performed substantive procedures for testing of ECL model and computation of ECL amount included and not limited to the following:</td></tr>
</table>

The Holding Company has applied a three-stage approach to measure expected credit losses / Impairment loss allowance (ECL) on debt instruments accounted for at amortised cost and Fair Value through Other Comprehensive Income. During the financial year ended March 31, 2021, the RBI issued various circulars related to the Covid-19 Regulatory Packages which has covered the moratorium, restructuring and other benefits to ease the repayment terms for affected customers due to the Pandemic. Additionally, the Holding Company has considered the impact of judgment, on identification of NPA and provision thereof, which was vacated as per Honourable Supreme Court Order on March 23, 2021 and the RBI circular dated April 7, 2021 in that connection. We have identified measurement of ECL as a key audit matter in view of the significant judgement and assumptions involved.	• Performed procedures over segmentation of financial assets related to the advances as per their various products and models and risk characteristics. • Tested the assumptions used for and computation of probability of default, loss given default, discounting factors for different class of financial assets as per their nature and risk assessment for sample class of assets. • Tested, on sample basis, whether appropriate staging of assets have been performed basis their days past due and other loss indicators considering the various Covid-19 Regulatory Packages related to moratorium as per RBI circular dated August 06, 2020, MSME restructuring etc. • Tested the ECL computation and ensured application of correct underlying factor like PD, LGD etc. basis the nature of products and models. • Tested the mathematical accuracy of the computation by reperforming the formulas. Assessed the adequacy and appropriateness of disclosures for compliance with the Ind AS.

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

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's report but does not include the consolidated financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the Annual Report, which is expected to be made available to us after that date.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. 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 Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those Charged with Governance.

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

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Holding Company and its Associate Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. The Board of Directors of the Holding Company and its Associate Company are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Holding Company and its Associate Company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the Board of Directors of the Holding Company and its Associate Company are responsible for assessing the ability of the Holding Company and its Associate 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 Holding Company and its Associate Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors of the Holding Company and its Associate Company are responsible for overseeing the financial reporting process of the Holding Company and its Associate Company.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Standards on Auditing ("SAs") will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information or business activities of the Holding Company and its Associate Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of the Holding Company included in the consolidated financial statements of which we are the independent auditors. For the Associate Company included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company included in the consolidated financial statements 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.

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

Other Matter

The consolidated financial statements include the Holding Company's share of net profit (including other comprehensive income) of Rs. 2805 lakhs for the year ended March 31, 2021, as considered in the Consolidated Financial Statements, in respect of Associate Company, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of its Associate Company, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to its associate Company, is based solely on the reports of other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matter with respect to our reliance on the work done and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report, to the extent applicable, that:

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

   b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

   c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

   d. In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015 as amended.

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

   f. With respect to the adequacy of internal financial controls over financial reporting of the Holding Company and its Associate Company and the operating effectiveness of such controls, refer to our separate report in "Annexure A".

   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 Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

      i. The Consolidated Financial Statements disclose the impact of pending litigations on the consolidated financial position of the Holding Company and its Associate Company- Refer Note 36 to the Consolidated Financial Statements;

      ii. The Holding Company and its Associate Company have long-term contracts including derivative contracts as at March 31, 2021 for which there were no material foreseeable losses;

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

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

For MSKA & Associates
Chartered Accountants
ICAI Firm Registration Number: 105047W

Sd/-

Amrish Vaidya
Partner
Membership Number: 101739

UDIN: 21101739AAAADR4867

Mumbai
June 25, 2021

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF CITICORP FINANCE (INDIA) LIMITED

[Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Rep ort of even date to the Members of Citicorp Finance (India) Limited on the consolidated Financial Statements for the year ended March 31, 2021]

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2021, we have audited the internal financial controls with reference to consolidated financial statements of Citicorp Finance (India) Limited (hereinafter referred to as "the Holding Company") and India Infradebt Limited (hereinafter referred to as the "Associate Company") which are companies incorporated in India as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements of the Holding Company and its Associate Company which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing 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 consolidated 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 consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated 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 consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements of the Holding Company and its Associate Company, which are companies incorporated in India.

Meaning of Internal Financial Controls with Reference to Consolidated Financial Statements

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

Inherent Limitations of Internal Financial Controls with Reference to Consolidated Financial Statements

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

Opinion

In our opinion, and to the best of our information and according to the explanations given to us, the Holding Company and its Associate Company, which are companies incorporated in India, have, in all material respects, internal financial controls with reference to consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at March 31, 2021, based on the internal control with reference to consolidated financial statements criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

Other Matters

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements insofar as it relates to the Associate Company, which is a company incorporated in India, is based on the corresponding reports of the auditors of such Associate Company incorporated in India.

Our Opinion is not modified in respect of this matter.

For MSKA & Associates
Chartered Accountants
ICAI Firm Registration Number: 105047W

Sd/-

Amrish Vaidya
Partner
Membership Number: 101739

UDIN: 21101739AAAADR4867

Mumbai
June 25, 2021

CITICORP FINANCE (INDIA) LIMITED

Consolidated financial statements

For the year ended 31 March 2021

Citicorp Finance (India) Limited
All amounts are in INR lakhs except per share data and unless stated otherwise

Consolidated balance sheet

Particulars	**Note**	**As at 31 March 2021 (Audited)**	**As at 31 March 2020 (Audited)**
ASSETS			
Financial assets			
Cash and cash equivalents	4	142,731	98,515
Bank balance other than cash and cash equivalents above	5	14,486	13,906
Derivative financial assets	6	2,797	6,646
Receivables			
(i) Trade receivables	7	1,367	2,403
(ii) Other receivables	7	1,964	629
Loans	8	749,744	857,745
Investments	9	125,511	77,211
Other financial assets	10	4,304	4,442
Total financial assets		**1,042,904**	**1,061,497**
Non-financial assets			
Current tax assets (Net)	30	19,042	18,649
Deferred tax assets (Net)	30	21,029	23,541
Property, plant and equipment	11	1,379	1,073
Capital work-in-progress	11	16	-
Other non-financial assets	12	983	873
Total non-financial assets		**42,449**	**44,136**
TOTAL ASSETS		**1,085,353**	**1,105,633**
LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
Derivative financial liabilities	6	1,083	7,530
Trade payables			
(i) total outstanding dues of micro and small enterprises		27	24
(ii) total outstanding dues of creditors other than micro and small enterprises		10,531	5,347
Debt securities	13	369,287	401,177
Borrowings (other than debt securities)	14	259,900	261,221
Other financial liabilities	15	8,481	4,421
Total financial liabilities		**649,309**	**679,720**
Non-financial liabilities			
Provisions	16	1,577	1,915
Other non-financial liabilities	17	2,060	1,086
Total non-financial liabilites		**3,637**	**3,001**
EQUITY			
Equity share capital	18	289,330	289,330
Other equity		143,077	133,582
Total equity		**432,407**	**422,912**
TOTAL LIABILITIES AND EQUITY		**1,085,353**	**1,105,633**

Significant accounting policies 3

The above balance sheet should be read in conjunction with the accompanying notes.

As per our report of even date attached

For **MSKA & Associates**
Chartered Accountants
Firm's Registration No: 105047W

For and on behalf of the Board of Directors
Citicorp Finance (India) Limited

sd/-
Amrish Vaidya
Partner
Membership No: 101739

sd/-
Nina Nagpal
Managing Director
DIN: 00138918

sd/-
Rohit Ranjan
Director
DIN: 00003480

sd/-
Ankit Goyal
Chief Financial Officer

sd/-
Sameer Upadhyay
Company Secretary

Place: Mumbai
Date: June 25, 2021

Citicorp Finance (India) Limited

All amounts are in INR lakhs except per share data and unless stated otherwise

Consolidated statement of profit and loss

Particulars	**Note**	**Year ended 31 March 2021 (Audited)**	**Year ended 31 March 2020 (Audited)**
Revenue from operations			
Interest income	19	64,154	79,779
Dividend income	20	563	81
Fees and commission income	21	2,981	7,033
Net gain/(loss) on fair value changes	22	7,698	(6,298)
Other revenue from operations	23	351	471
Total revenue from operations		**75,747**	**81,066**
Other income	24	1,934	2,676
Total income		**77,681**	**83,742**
Expenses			
Finance costs	25	27,050	37,373
Fees and commission expense	26	7,719	8,427
Impairment on financial instruments	27	8,306	7,008
Employee benefits expenses	28	4,970	4,080
Depreciation and amortisation	11	345	379
Others expenses	29	7,859	9,990
Total expenses		**56,249**	**67,257**
Profit before share in profits of associate		**21,432**	**16,485**
Share in profit of associate		2,812	2,425
Profit before tax		**24,244**	**18,910**
Tax expense:			
Current tax	30	3,913	3,638
Deferred tax	30	2,336	1,781
Total tax expense		**6,249**	**5,419**
Profit for the period		**17,995**	**13,491**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurement of defined benefit obligation		(55)	(72)
Share in other comprehensive income of associate		(7)	(1)
Tax relating to above		26	25
Subtotal (A)		**(36)**	**(48)**
Items that may be reclassified to profit or loss			
Changes in fair value of loans classified as FVOCI		1,008	2,769
Tax relating to above		(472)	(969)
Subtotal (B)		**536**	**1,800**
Other comprehensive income (A+B)		**500**	**1,752**
Total comprehensive income for the period		**18,495**	**15,243**
Earnings per equity share			
Basic and diluted earnings per share (Face value of Rs. 7.50 each)	38	0.47	0.35

The above statement of profit and loss should be read in conjunction with the accompanying notes.

As per our report of even date attached

For **MSKA & Associates**
Chartered Accountants
Firm's Registration No: 105047W

sd/-
Amrish Vaidya
Partner
Membership No: 101739

Place: Mumbai
Date: June 25, 2021

For and on behalf of the Board of Directors
Citicorp Finance (India) Limited

sd/-
Nina Nagpal
Managing Director
DIN: 00138918

sd/-
Rohit Ranjan
Director
DIN: 00003480

sd/-
Ankit Goyal
Chief Financial Officer

sd/-
Sameer Upadhyay
Company Secretary

Citicorp Finance (India) Limited
All amounts are in INR lakhs except per share data and unless stated otherwise

Consolidated statement of changes in equity

A. Equity share capital

Particulars	**Number of equity shares**	**Amount**
As at 01 April 2019	3,857,727,031	289,330
As at 31 March 2020	3,857,727,031	289,330
As at 31 March 2021	3,857,727,031	289,330

B. Other equity

Particulars	**Reserves and surplus**			**Other reserves**	**Total other equity**
	Statutory reserve	**Retained earnings**	**Share based payment reserve**	**Debt instruments through other comprehensive income**	
As at 01 April 2019	**63,746**	**69,807**	**42**	**566**	**134,161**
Profit for the period	-	13,491	(8)	-	13,483
Other comprehensive income	-	(48)	-	1,800	1,752
Total comprehensive income for the period	**-**	**13,443**	**(8)**	**1,800**	**15,235**
Transfer from Retained Earnings	2,264	(2,264)	-	-	-
Dividend payout (including DDT)	-	(15,814)	-	-	(15,814)
As at 31 March 2020	**66,010**	**65,172**	**34**	**2,366**	**133,582**
Profit for the period	-	17,995	-	-	17,995
Other comprehensive income	-	(36)	-	536	500
Total comprehensive income for the period	**-**	**17,959**	**-**	**536**	**18,495**
Transfer from Retained Earnings	3,037	(3,037)	-	-	-
Transfer to Retained Earnings	-	34	(34)	-	-
Dividend payout (including WHT)	-	(9,000)	-	-	(9,000)
As at 31 March 2021	**69,047**	**71,128**	**-**	**2,902**	**143,077**

Notes

1. Statutory reserve is created pursuant to section 45-IC of the Reserve Bank of India Act, 1934.
2. Retained earnings represents the Company's cumulative earnings.
3. Share based payment reserve - Refer Note 3.10
4. Debt instruments through other comprehensive income reserve represents accumulated unrealised fair value gains/(losses) on loans measured at fair value through other comprehensive income.

The above statement of changes in equity should be read in conjunction with the accompanying notes.

As per our report of even date attached

For **MSKA & Associates**
Chartered Accountants
Firm's Registration No: 105047W

For and on behalf of the Board of Directors
Citicorp Finance (India) Limited

sd/-
Amrish Vaidya
Partner
Membership No: 101739

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Nina Nagpal
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DIN: 00138918

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Director
DIN: 00003480

sd/-
Ankit Goyal
Chief Financial Officer

sd/-
Sameer Upadhyay
Company Secretary

Place: Mumbai
Date: June 25, 2021

Citicorp Finance (India) Limited
All amounts are in INR lakhs except per share data and unless stated otherwise

Consolidated statement of cash flow

Particulars	**Year ended 31 March 2021**	**Year ended 31 March 2020**
Cash flow from operating activities :		
Profit before tax:	24,244	18,910
Adjustment:		
Adjustment for Non-Cash Item:		
Depreciation and amortisation	345	379
Share in income of associate	(2,812)	(2,425)
Unrealised (gain)/ loss on fair value changes	17,003	(6,006)
Provisions/(reversal of provisions)	(124)	(1,457)
Unwinding of discount on security deposit	(6)	(13)
Impairment of financial instruments	2,186	1,811
Net (gain)/ loss on derecognition of property, plant and equipment	13	(6)
Adjustment for Financing/Investing activity:		
Interest income from investments	(4,076)	(1,833)
Dividend income	(563)	(81)
Finance Charges	27,050	37,373
Realised (gain)/loss on fair value changes	(1,379)	1,389
Loss/ (gain) on sale of investment	(1,166)	(11)
Operating profit before working capital changes	**60,715**	48,030
Working Capital changes:		
(Increase)/decrease in receivables	(299)	1,399
(Increase)/decrease in loans	106,823	210,783
(Increase)/decrease in other financial assets and others	5,672	(8,492)
(Increase)/decrease in other non-financial assets	(104)	(109)
Increase/(decrease) in trade payables	5,187	(2,278)
Increase/(decrease) in other financial liabilities	4,060	(2,020)
Increase/(decrease) in other non-financial liabilities and provisions	705	(928)
Interest paid on debt securities	(19,407)	(25,498)
Interest paid on borrowings	(7,122)	(12,642)
Interest received on investments	1,421	1,611
Net cash used in operating activities before taxes	**157,651**	209,856
Less : Income taxes paid (net of refunds)	4,306	6,786
Net cash inflow / (outflow) from operating activities (A)	**153,345**	203,070
Cash flow from investing activities :		
Purchase of investments	(318,587)	(210,032)
Proceeds from sale of investments	278,530	177,385
Purchase of Property, Plant and Equipment	(54)	(246)
Proceeds from Sale of Property, Plant and Equipment	-	13
Dividend Income	815	333
Net cash inflow / (outflow) from investing activities (B)	**(39,296)**	(32,547)
Cash flow from financing activities :		
Receipts from issuance of debt securities	401,095	423,971
Payments on redemption of debt securities	(459,656)	(461,374)
Payment of dividend and tax thereon	(9,000)	(15,814)
Receipts from borrowing products	660,296	2,076,999
Repayments of borrowing	(662,568)	(2,125,261)
Net cash inflow / (outflow) from financing activities (C)	**(69,833)**	(101,480)
Net increase/(decrease) in cash and cash equivalents (A+B+C)	**44,216**	69,044
Add : Cash and cash equivalents at beginning of the year	**98,515**	29,471
Cash and cash equivalents at end of the year	**142,731**	98,515

The above statement of cash flows should be read in conjunction with the accompanying notes.

As per our report of even date attached

For MSKA & Associates
Chartered Accountants
Firm's Registration No: 105047W

For and on behalf of the Board of Directors
Citicorp Finance (India) Limited

sd/-
Amrish Vaidya
Partner
Membership No: 101739

sd/-
Nina Nagpal
Managing Director
DIN: 00138918

sd/-
Rohit Ranjan
Director
DIN: 00003480

Place: Mumbai
Date: June 25, 2021

sd/-
Ankit Goyal
Chief Financial Officer

sd/-
Sameer Upadhyay
Company Secretary

Notes to the consolidated financial statements

for the year ended 31 March 2021
All amounts are in INR lakhs except per share data and unless stated otherwise

1 Background

Citicorp Finance (India) Limited ('the Company') incorporated in India on 1 May 1997, is registered with the Reserve Bank of India ('the RBI') as a Non-Banking Financial Company ('NBFC') vide Certificate No. N.13.02079 dated 10 October 2014. It is a non-deposit taking systemically important Non-Banking Financial Company ('NBFC-ND-SI'). The Company is a loan and investment NBFC as defined under section 45IA of the Reserve Bank of India Act, 1934.

Associates Financial Services (Mauritius) LLC, a Company incorporated in Mauritius holds 52.94% in the Company and remaining 47.06% is held by Citibank Overseas Investment Corporation, a company incorporated in Delaware, U.S.A.

The Company is engaged in a range of financial service activities, which include:
a. Loans against securities
b. Corporate loans
c. Personal loans
d. Loans for purchase of commercial vehicles, construction equipment and agricultural assets, leasing, assignment and origination services of the aforesaid loans
e. Investment in shares and securities

2 Basis of preparation

2.1 Accounting Standard Compliance

The consolidated financial statements of the Company and its associate have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') notified under Section 133 of the Companies Act, 2013 ("the Act") [Companies (Indian Accounting Standards) Rules, 2015] as amended from time to time. Any directions issued by the RBI or other regulators are implemented as and when they become applicable.

The consolidated financial statements have been prepared on the accrual and going concern basis. The Ind AS accounting assumptions and treatments are applied consistently to all the periods presented in these consolidated financial statements.

These consolidated financial statements are prepared under the historical cost convention except for the application of fair value measurements where required or allowed by the relevant standards under Ind AS in the case of certain financial assets and liabilities, net defined benefit (asset)/ liability and share based payments.

2.2 Presentation of consolidated financial statements

The consolidated balance Sheet, the consolidated statement of Changes in Equity and the consolidated statement of Profit and Loss are presented in the format prescribed under Division III of Schedule III of the Act, as amended from time to time, for Non-Banking Financial Companies ('NBFCs') that are required to comply with Ind AS. The consolidated statement of Cash Flows has been presented as per the requirements of Ind AS 7 Statement of Cash Flows.

2.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its associate. An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Investment made by the Company in an associate company is accounted under the equity method, in accordance with Ind AS 28 Investment in Associates and Joint Ventures. Under the equity method, investments in an associate is carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Company's share of the net assets of the associate, less any impairment in the value of the investments. Associates are accounted for from the date on which the Company starts exercising significant influence over the associate.

The associate company considered in the consolidated financial statements is as below:

Investment in Associate	Country of Incorporation	Proportion of ownership interest	
		As at 31 March 2021	As at 31 March 2020
India Infradebt Limited	India	10.02%	10.02%

As per the shareholder's agreement, there have been no changes in the rights of the Company from previous year, which includes one seat on the Board of Directors of the associate company. Consequently, the Company continues to have power to participate in the financial and operating policy decisions of the associate company.

2.4 Functional and presentation currency

The consolidated financial statements are presented in Indian Rupees ("INR"), which is also the Company's functional currency. All amounts have been rounded to the nearest lakh, unless otherwise indicated.

2.5 Significant accounting judgments, estimates and assumptions

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

Judgments

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

- **Fair value measurement of financial instruments**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using appropriate valuation techniques.

The inputs for these valuations are taken from observable sources where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of various inputs including liquidity risk, credit risk, volatility etc. Changes in assumptions/judgments about these factors could affect the reported fair value of financial instruments. For further details about determination of fair value refer note 31.

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

The impairment provisions for financial assets are based on assumptions about risk of default, expected loss rates and loss given defaults. The Company uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's history, existing market conditions as well as forward looking estimates at the end of each reporting period. For further details about assumptions used in calculating expected credit losses and the sensitivity of assumptions refer note 32.

- **Business model assessment**

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

- **Income taxes**

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

- **Provisions and Contingencies**

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

Assumptions and Estimates

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

- **Gratuity and Long term service awards (LTSA) benefits**

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

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

Further details about gratuity and LTSA obligations are provided in note 41.

- **Effective Interest Rate**

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

- **Provisioning for Asset retirement obligation (ARO)**

For the commercial premises taken on lease, the Company has recognised the provision for the obligation (ARO) to restore the premises in the same condition at the end of the lease term. In determining the fair value of the provision, assumptions and estimates are made in relation to discount rates, the expected cost to restore the premise and the expected timing of those costs.

3 Summary of significant accounting policies

3.1 Foreign currency

Transactions in foreign currency are recorded at the exchange rate prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currency, remaining unsettled at the balance sheet date are restated at the closing exchange rates. Gain/loss arising on actual payments/realisations and year-end restatements are recognised in the statement of profit and loss.

3.2 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It is a measure as at a specific date and may be significantly different from the amount which will actually be paid or received on maturity or settlement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

The Company follows a fair value hierarchy that categorises into three levels, the inputs to valuation techniques used to measure fair value, which gives highest priority to quoted prices.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. Assets and liabilities are classified as Level 1 if their value is observable in an active market.

Level 2 inputs are inputs, other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. A Level 2 input must be observable for substantially the full term of the instrument. Level 2 inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves observable at commonly quoted intervals, implied volatilities and credit spreads.

Level 3 inputs are unobservable inputs. Assets and liabilities are classified as Level 3 if their valuation incorporates significant inputs that are not based on observable market data.

Wherever possible, fair values have been calculated using unadjusted quoted market prices in active markets for identical instruments held by the Company. Where quoted market prices are not available, or are unreliable because of poor liquidity, fair values have been determined using valuation techniques which, to the extent possible, use market observable inputs, but in some cases may also use non-market observable inputs. Valuation techniques used include discounted cash flow analysis, price to earning ratio and, where appropriate, comparison to instruments with characteristics similar to those of the instruments held by the Company after making necessary adjustments (eg. broker polling method).

3.3 Revenue recognition

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

Interest income
For all financial instruments, interest income is recorded using the effective interest rate (EIR). Refer note 3.11.

Dividend income
Dividend is recognised as income when the right to receive the same is established.

Fees and commission income
Fees and commission income are recognised on accrual basis based on contractual terms with customers.

Incentives from dealers/manufacturers
Incentives from dealers/manufacturers is recognised as income over the period of the underlying transaction by applying the internal rate of return implicit in the agreement, on the diminishing balance of the financed amount, so as to provide a constant periodic rate of return on the net investment outstanding on the contracts. However, if a contract is foreclosed / written-off, such dealer / manufacturer incentive is recognized as income at the time of foreclosure / write off.

Income on finance leases
Income on finance leases, are recognized by applying the rate of return implicit in the underlying contracts, on the diminishing balance of the financed amount over the period of the agreement so as to provide a constant periodic rate of return on the net investment outstanding on these contracts.

3.4 Income tax:

Income tax comprises current and deferred tax. It is recognised in the statement of profit and loss except to the extent it relates to an item recognised directly in equity or other comprehensive income.

Current income tax

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

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred income tax asset and liabilities are recognised for all temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the consolidated financial statement except when the deferred income tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer reasonably certain that related tax benefit will be realized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax assets are recognised subject to management's judgment that their future realisation is reasonably certain, except where there is unabsorbed depreciation and carried forward losses under taxation laws.
Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity).

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Minimum alternate tax (MAT)

The Company recognizes MAT credit available as an asset only to the extent that the Company, based on reasonable evidence, will be able to recoup / set off MAT credit against income tax liability during the specified period i.e. the period for which MAT credit set off is allowed.

The Company reviews the MAT credit entitlement asset at each reporting date and writes down the asset to the extent the Company does not have reasonable evidence that it will be able to recoup / set off of MAT credit against the income tax liability during the specified period.

3.5 Property, plant and equipment

Property, plant and equipment are stated at historical cost inclusive of all incidental expenses incurred for acquisition of such assets, less depreciation and impairment. In respect of additions / deletions, depreciation is provided for the period for which the asset is available for use. Depreciation on property, plant and equipment is provided on a straight-line basis over the useful lives of assets.

Capital work-in-progress includes cost of property, plant and equipment under installation/ under development as at the balance sheet date and are carried at cost, comprising of direct cost, directly attributable cost and attributable interest.

Gains or losses arising from disposal of property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is disposed.

Lease hold improvements are depreciated over the lease period (including renewal, if any) or useful life whichever is shorter.

The estimated useful life of property, plant and equipment of the Company is listed below. Based on the nature of property, plant and equipment used by the Company and past experience of its usage and internal evaluation, the Company considers that the useful life for respective assets to be appropriate.

Class of property, plant and equipment	Estimated useful life
Office buildings	50 years
Computer equipment	3 years/ 4 years
Furniture and fixtures – in leased premises	6 years
Electrical installations and office equipment– in leased premises	6 years
Vehicles- Lease	4 years

The present value of the expected cost for asset retirement obligation (ARO) related to the asset after its use is included in the cost of the respective leased asset if the recognition criteria are met. The Company records a provision for decommissioning costs to restore lease premises (Asset retirement obligation) to its original condition. Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of the cost of the particular asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognised in the statement of profit and loss as a finance cost.

The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

Property, plant and equipment 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 value-in-use) is determined on an individual asset basis unless the asset does not generate cash flow that are largely independent of this from other assets. In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs.

If such assets are considered to be impaired, the impairment to be recognized in the statement of profit and loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the statement of profit and loss if there is a change in the estimate used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

3.6 Leases

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Company's incremental borrowing rate on commencement of the lease is used.

Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the Company is contractually required to dismantle, remove or restore the leased asset.

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

The Company as lessor

Assets given out on financial leases are shown as finance lease receivables. The rentals received on such leases are apportioned between the financial charge using the implicit rate of return, which is recognized as income; and against principal outstanding, which is reduced from the finance lease receivables.

3.7 Provisions and contingencies

Provisions are recognised when the Company has a present obligation (legal or constructive) 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 a reliable estimate can be made of the amount of the obligation.

When the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

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 recognised 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 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. Contingent liabilities are disclosed in the notes to the consolidated financial statements. Contingent assets are not recognised in the consolidated financial statements.

3.8 Borrowing costs

All borrowing costs are recognised as expense in the period in which they are incurred.

3.9 Employee benefits

The Company provides retirement and other benefits to its employees. Retirement benefits are in the nature of defined contribution scheme and defined benefit scheme. A defined contribution scheme is a retirement benefit scheme under which the Company contributes a defined sum into a separate entity and will have no legal or constructive obligation to contribute further amount. A defined benefit scheme is a retirement benefit scheme other than a defined contribution scheme.

Gratuity

The Company pays gratuity to employees who retire or resign after a minimum period of five years of continuous service. The Company's contributions to gratuity fund (defined benefit scheme) in respect of its employees are managed by a trust, which invests the fund with Life Insurance Corporation of India ('LIC'), a Government of India undertaking.

Actuarial valuation of the gratuity liability for the above fund is determined by an independent actuary appointed by the Company. In accordance with the gratuity fund's rules, actuarial valuation of gratuity liability is calculated based on certain assumptions regarding rate of interest, salary growth, mortality and staff attrition as per the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the Balance Sheet with a corresponding charge or credit to other comprehensive income in the period in which they occur. Remeasurements are not reclassified to statement of profit and loss in subsequent periods.

Past service costs are recognised in the statement of profit or loss on the earlier of:
- The date of the plan amendment or curtailment, and
- The date that the Company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of Profit and Loss:

- Service costs comprising current service costs; and
- Net interest expense or income

Provident fund

Retirement benefit in the form of provident fund is a defined contribution scheme. Both the employee and the employer make monthly contributions to the plan at a predetermined rate of the employees' basic salary. These contributions are made to the fund administered and managed by the Government of India. The Company's contributions are charged to statement of profit and loss on accrual basis, during the period in which the employee renders the related services. The Company has no further obligations under these plans beyond its monthly contributions.

Superannuation fund

The Company contributes to superannuation fund (defined contribution scheme) in respect of the employee opting for superannuation scheme from certain organizational level and above in a trust duly approved by the Income Tax authorities. The trust has a master policy for management of the members' fund with LIC. These contributions are charged to the statement of profit and loss during the period in which the employee renders the related services.

Long term service awards (LTSA)

The entity provides for liability towards long term service awards for eligible employees, based on length of service, based on actuarial valuation performed by an independent actuary using the Projected Unit Cost Method as at the balance sheet date.

Short term employee benefits

Employee benefits payable wholly within twelve months of receiving employee services are classified as short term employee benefits and are measured at the amounts expected to be paid when the liabilities are settled. Benefits include salaries, wages, bonus and ex gratia. The undiscounted amount of short term employee benefits to be paid in exchange for employee service is recognized as an expense as the related service is rendered by employee. The liabilities are presented as current employee benefit obligations in the Balance Sheet.

Termination benefits

Termination benefits are expensed at the earlier of when the Company can no longer withdraw the offer of those benefits and when the Company recognises costs for restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, they are discounted.

Compensated absences

No provision for compensated absences is made since the Company does not have a policy for encashment of leave nor does it allow carry forward of unavailed leave**.**

3.10 Share - based payments

The Company participates in ultimate holding company, Citigroup Inc. (Citi) share-based incentive plan under which Citi grants shares to the Company's employees. Pursuant to a separate Stock Plans Affiliate Participation Agreement (SPAPA) the Company makes a cash settlement to Citi for the fair value of the share-based incentive awards delivered to the Company's employees under these plans.

The Company uses equity-settled accounting for its share-based incentive plans, with separate accounting for its associated obligations to make payments to Citi. The Company recognises the fair value of the awards at grant date as a compensation expense over the vesting period, with the Company electing to account for the corresponding credit within other equity as a capital contribution from Citi. Associated obligations under the SPAPA and all amounts paid to Citi are accounted for by analogy to the requirements for cash-settled share-based transactions over the vesting period with the intercompany payable due to Citi remeasured at the reporting date and settlement date for subsequent changes in fair value and the corresponding entry recognised within other equity.

3.11 Financial instruments

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

Initial recognition and measurement

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

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

Financial assets

Classification and subsequent measurement

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

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

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

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

The classification requirements of financial assets are described below:

Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans disbursed, investment in corporate bonds.

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

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

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

Amortised cost: Financial assets that are held for collection of contractual cash flows where business model of those cash flows represent solely payment of principal and interest ('SPPI'), and that are not designated at FVTPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured as described in note 31. Interest income from these financial asset are recognised using the effective interest rate method.

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

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

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

Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets, except for credit-impaired financial assets (i.e. ‘stage 3’).

The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortised cost before any impairment allowance) or to the amortised cost of a financial liability. The calculation does not consider expected credit losses and includes transaction costs, premiums or discounts and fees paid or received that are integral to the effective interest rate, such as origination fees.

When a financial asset becomes credit-impaired and is regarded as ‘Stage 3’, the Company calculates interest income by applying the effective interest rate to the net carrying value of such financial asset. If the financial assets are no longer credit impaired, the Company calculates the interest income on a gross basis. Interest income on credit impaired advances are recognised on outstanding amount net of expected credit loss allowance.

Equity instruments

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

Impairment of financial assets

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

The measurement of ECL reflects:

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

The method and significant judgments used while computing the expected credit losses and information about the exposure at default, probability of default and loss given default have been set out in note 32.

Write-off policy

The Company writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery.
For retail clients, the Company writes off financial assets prudentially, basis the duration of delinquency.

Derecognition of financial assets

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

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

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

Loan commitments

Loan commitments provided by the Company are measured as per financial instrument classification less loss allowance. For loan commitments, the loss allowance is recognised as a provision. However, for contracts that include both a loan and an undrawn commitment and the Company cannot separately identify the expected credit losses on the undrawn commitment component from those on the loan component, the expected credit losses on the undrawn commitment are recognised together with the loss allowance for the loan.

Financial liabilities

Classification and subsequent measurement

Financial liabilities are classified at amortised cost, except for:

Financial liabilities at fair value through profit or loss: This classification is applied to derivatives and financial liabilities held for trading and other financial liabilities designated as such at initial recognition.

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

Derecognition of financial liabilities

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

Reclassification of financial instrument

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

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

Offsetting of financial instruments

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

Derivatives

Derivatives are initially recognised at fair value on the date on which the derivative contract is entered into and are subsequently measured at fair value.

Embedded derivatives

The embedded derivatives are treated as separate derivatives when:
- their economic characteristics and risks are not closely related to those of the host contract;
- a separate instrument with the same terms would meet the definition of a derivative; and

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract , with the effect that some of the cash flows of the combined instrument vary in a way similar to a standalone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to an index of prices or rates or other variable. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

These embedded derivatives are separately accounted for at fair value, with changes in fair value recognised in the statement of profit or loss unless the Company chooses to designate the hybrid contracts at fair value through profit or loss.

Certain market linked non-convertible debentures issued by the Company have returns linked to non-interest related benchmarks. The Company has opted to designate the entire hybrid contract at FVTPL as the embedded derivative significantly modifies the cash flows that otherwise would be required by the contract. Further, the embedded derivative is not closely related to the financial liability host contract.

3.12 Loan assignment

The Company undertakes sale of loans by way of assignment.

In most cases, post assignment, the Company continues to service the loans transferred to the assignee in the capacity of a servicing agent on negotiated commercial terms. The Company does not provide credit enhancement on such assignment.

The Company recognizes entire gain/loss upon derecognition of a loan.

Classification of financial instruments sold by way of loan assignment is applicable to the business segment as a whole, including loans retained by the Company to comply with minimum retention requirements in accordance with Master Direction DNBR.PD.008/03.10.119/2016-17 dated September 1, 2016 – Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 and amendments thereto.

3.13 Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short term investments with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

3.14 Earnings per share ('EPS')

The basic EPS is computed by dividing the net profit attributable to the equity shareholders by the weighted average number of equity shares outstanding during the reporting year. Number of equity shares used in computing diluted EPS comprises the weighted average number of shares considered for deriving basic earnings per share and also weighted average number of equity shares, which would have been issued on the conversion of all dilutive potential shares. Diluted EPS is computed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the year except where the results would be anti-dilutive.

3.15 Standards issued but not yet effective

On 24 March 2021, the Ministry of Corporate Affairs ('MCA') through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III are applicable from 1 April 2021.There are neither new standards nor amendments to existing standards which are effective for the annual period beginning from 01 April 2021.

All amounts are in INR lakhs except per share data and unless stated otherwise

Note 4 - Cash and cash equivalents

Particulars	As at 31 March 2021	As at 31 March 2020
Cash on hand	-	-
Balance with banks		
- In current accounts	36,464	4,578
- In fixed deposits (with original maturity of less than 3 months)	106,225	93,903
Cheques on hand	42	34
Total	**142,731**	**98,515**

Refer note 35 for balances with related parties.
Note: The cash and cash equivalents for cash flow statements is same as cash and cash equivalents given above.

Note 5 - Bank balance other than cash and cash equivalents above

Particulars	As at 31 March 2021	As at 31 March 2020
Margin money deposit	11,829	11,344
Fixed Deposit	2,657	2,562
Total	**14,486**	**13,906**

1. Fixed deposit includes lien marked deposits of INR 2,525 (31 March 2020: INR 2,440) for securitization transactions executed in prior years.
2. Refer note 35 for fixed deposits with related parties.

Note 6 - Derivative financial assets and liabilities

Particulars	As at 31 March 2021	As at 31 March 2020
Derivative financial assets		
Equity linked derivatives (futures and options)	2,797	6,646
Total	**2,797**	**6,646**
Derivative financial liabilities		
Equity linked derivatives (futures and options)	1,083	7,530
Total	**1,083**	**7,530**
Notional amount	**66,072**	**102,767**

Note 7 - Receivables

Particulars	As at 31 March 2021	As at 31 March 2020
Trade receivables		
Receivables considered good - Secured	-	-
Receivables considered good - Unsecured	1,367	2,403
Less: Expected credit loss	-	-
Subtotal	**1,367**	**2,403**
Other receivables		
Receivables considered good - Unsecured	1,964	629
Less: Expected credit loss	-	-
Subtotal	**1,964**	**629**
Total	**3,331**	**3,032**

1. No amount of trade or other receivables are due from directors or other officers of the Company either severally or jointly with any other person.
2. Refer note 35 for receivables from related parties.

Citicorp Finance (India) Limited

Notes to the consolidated financial statements *(continued)*

for the year ended 31 March 2021

All amounts are in INR lakhs except per share data and unless stated otherwise

Note 8 - Loans

Particulars	As at 31 March 2021			As at 31 March 2020		
	Amortised cost	Fair value through OCI	Total	Amortised cost	Fair value through OCI	Total
Loans						
Bills purchased and bills discounted	-	-	-	46,501	-	**46,501**
Loans repayable on demand	426,793	-	**426,793**	452,679	-	**452,679**
Term loans	**124,266**	**208,105**	**332,371**	274,941	90,836	**365,777**
Deposits	86	-	**86**	99	-	**99**
Total (Gross)	**551,145**	**208,105**	**759,250**	**774,220**	**90,836**	**865,056**
Less: Expected credit loss	(6,523)	(2,983)	**(9,506)**	(5,752)	(1,559)	**(7,311)**
Total (Net)	**544,622**	**205,122**	**749,744**	**768,468**	**89,277**	**857,745**
Secured by tangible assets	336,056	208,105	544,161	386,661	90,836	477,497
Unsecured	215,089	-	215,089	387,559	-	387,559
Total (Gross)	**551,145**	**208,105**	**759,250**	**774,220**	**90,836**	**865,056**
Less: Expected credit loss	(6,523)	(2,983)	**(9,506)**	(5,752)	(1,559)	**(7,311)**
Total (Net)	**544,622**	**205,122**	**749,744**	**768,468**	**89,277**	**857,745**
Advances in India						
Public sector	-	-	-	-	-	-
Other than public sector	551,145	208,105	759,250	774,220	90,836	**865,056**
Total (Gross)	**551,145**	**208,105**	**759,250**	**774,220**	**90,836**	**865,056**
Less: Expected credit loss	(6,523)	(2,983)	**(9,506)**	(5,752)	(1,559)	**(7,311)**
Total (Net)	**544,622**	**205,122**	**749,744**	**768,468**	**89,277**	**857,745**

Notes to the consolidated financial statements *(continued)*
for the year ended 31 March 2021
All amounts are in INR lakhs except per share data and unless stated otherwise

Note 9 - Investments

Particulars	As at 31 March 2021	As at 31 March 2020
In India		
Accounted under equity method		
Equity shares of associate	21,034	18,481
At fair value through profit or loss		
Corporate bonds (quoted)	98,233	54,450
Equity shares (unquoted)	6,244	4,280
Total	**125,511**	**77,211**

Refer note 35 for investments in related parties.

Note 10 - Other financial assets

Particulars	As at 31 March 2021	As at 31 March 2020
Margin money	4,277	4,440
Other deposits	27	2
Total	**4,304**	**4,442**

Notes to the consolidated financial statements *(continued)*
for the year ended 31 March 2021
All amounts are in INR lakhs except per share data and unless stated otherwise

Note 11 - Property, plant and equipment

Particulars	Gross block				Accumulated depreciation				Net block	
	As at 01 April 2020	Additions	Deletions	As at 31 March 2021	As at 01 April 2020	For the year	Deductions	As at 31 March 2021	As at 31 March 2021	As at 31 March 2020
Owned assets										
Property, Plant and Equipment										
Building	61	-	7	**54**	25	1	3	**23**	**31**	36
Freehold land	5	-	3	**2**	-	-	-	**-**	**2**	5
Furniture and fixtures	69	-	5	**64**	28	13	5	**36**	**28**	41
Office equipments	181	5	50	**136**	137	13	49	**101**	**35**	44
Electrical installations	523	-	48	**475**	255	72	40	**287**	**188**	268
Computer equipments	562	33	385	**210**	519	23	384	**158**	**52**	43
Asset retirement obligation	48	-	42	**6**	47	1	42	**6**	**-**	1
Subtotal	**1,449**	**38**	**540**	**947**	**1,011**	**123**	**523**	**611**	**336**	438
Leased assets										
Leasehold Premises	899	629	-	**1,528**	264	222	**-**	**486**	**1,042**	635
Vehicles taken on lease	80	-	80	**-**	80	-	80	**-**	**-**	-
Total	**2,428**	**667**	**620**	**2,475**	**1,355**	**345**	**603**	**1,097**	**1,378**	1,073
Capital work-in-progress	-	16	-	**16**	-	-	-	**-**	**16**	-

Particulars	Gross block				Accumulated depreciation				Net block	
	As at 01 April 2019	Additions	Deletions	As at 31 March 2020	As at 01 April 2019	For the year	Deductions	As at 31 March 2020	As at 31 March 2020	As at 31 March 2019
Property, Plant and Equipment										
Building	61	-	-	**61**	24	1	-	**25**	36	37
Freehold land	5	-	-	**5**	-	-	-	**-**	5	5
Furniture and fixtures	42	27	-	**69**	25	3	-	**28**	41	17
Office equipments	138	43	-	**181**	116	21	-	**137**	44	22
Electrical installations	389	134	-	**523**	207	48	-	**255**	268	182
Computer equipments	541	42	21	**562**	510	30	21	**519**	43	31
Asset retirement obligation	53	-	5	**48**	40	12	5	**47**	1	13
Sub-Total	**1,229**	**246**	**26**	**1,449**	**922**	**115**	**26**	**1,011**	438	307
Leased assets										
Leasehold Premises	**-**	899	-	**899**	**-**	**264**	**-**	**264**	635	-
Vehicles taken on lease	87	-	7	**80**	80	-	-	**80**	-	7
Total	**1,316**	**1,145**	**33**	**2,428**	**1,002**	**379**	**26**	**1,355**	1,073	314
Capital work-in-progress	-	-	-	-	-	-	-	-	-	-

Notes to the consolidated financial statements *(continued)*
for the year ended 31 March 2021
All amounts are in INR lakhs except per share data and unless stated otherwise

Note 12 - Other non-financial assets

Particulars	As at 31 March 2021	As at 31 March 2020
Deposits with statutory authorities	524	523
Prepaid expenses	303	309
Net input tax credit (refer note below)	156	41
Total	**983**	**873**

Input tax credit	11,354	10,892
Provision for input tax credit	(11,198)	(10,851)
Net input tax credit	**156**	**41**

Note 13 - Debt securities

Particulars	As at 31 March 2021	As at 31 March 2020
In India		
At amortised cost		
Non convertible debentures	220,869	201,121
At fair value through profit or loss		
Market linked non convertible debentures	148,418	200,056
Total	**369,287**	**401,177**

Refer note 44 for details of debt securities.

Note 14 - Borrowings (other than debt securities)

Particulars	As at 31 March 2021	As at 31 March 2020
In India		
At amortised cost		
Secured		
Loans repayable on demand from banks	-	50,051
Finance lease obligations	-	3
Unsecured		
Inter corporate borrowings	258,268	206,248
Loans repayable on demand from banks	1,632	4,919
Total	**259,900**	**261,221**

Refer note 43 for details of borrowings.

Note 15 - Other financial liabilities

Particulars	As at 31 March 2021	As at 31 March 2020
Dealer held disbursal and other liabilities	5,812	2,149
Collection payables on servicing portfolio	2,669	2,272
Total	**8,481**	**4,421**

Refer note 35 for payables to related parties.

All amounts are in INR lakhs except per share data and unless stated otherwise

Note 16 - Provisions

Particulars	As at 31 March 2021	As at 31 March 2020
Provision for employee benefits:		
Gratuity (refer note 41)	283	248
Employee benefits	19	18
Bonus	137	59
Others	-	14
Provision for others:		
Securitization	96	368
Value added tax	24	54
Legal and regulatory	923	1,051
Asset retirement obligations	46	43
Expected credit loss on loan commitments	49	60
Total	**1,577**	**1,915**

Note 17 - Other non-financial liabilities

Particulars	As at 31 March 2021	As at 31 March 2020
Statutory dues payable	125	98
Others	1,935	988
Total	**2,060**	**1,086**

Note 18 - Equity share capital

Particulars	As at 31 March 2021	As at 31 March 2020
Authorised share capital		
5,269,333,333 (31 March 2020: 5,269,333,333) Equity shares of INR 7.50 each	**395,200**	395,200
Issued, subscribed and paid up		
3,857,727,031 (31 March 2020: 3,857,727,031) Equity shares of INR 7.50 each	**289,330**	289,330
Total	**289,330**	289,330

Reconciliation of number of shares

Particulars	As at 31 March 2021	As at 31 March 2020
At the beginning of the year	**3,857,727,031**	**3,857,727,031**
Issued during the year	-	-
At the end of the year	**3,857,727,031**	**3,857,727,031**

Terms and rights attached to equity shares

The Company has only one class of equity shares having a par value of INR 7.50 per share. All these shares have the same rights and preferences with respect to payment of dividend, repayment of capital and voting.
In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Shares of the Company held by the holding companies

Particulars	As at 31 March 2021	As at 31 March 2020
Associates Financial Services (Mauritius) LLC	52.94%	52.94%
Citibank Overseas Investment Corporation	47.06%	47.06%

Details of shareholding more than 5% shares in the Company

Particulars	As at 31 March 2021	As at 31 March 2020
Associates Financial Services (Mauritius) LLC	2,042,338,070	2,042,338,070
Citibank Overseas Investment Corporation	1,815,388,961	1,815,388,961

Refer note 33 for information of the Company's objectives, policies and process of managing capital.

Notes to the consolidated financial statements *(continued)*
for the year ended 31 March 2021
All amounts are in INR lakhs except per share data and unless stated otherwise

Note 19 - Interest income

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Interest on financial instruments measured at amortised cost		
Loans	50,461	73,133
Deposits with banks	992	1,544
Finance leases	-	6
Interest on financial instruments measured at FVOCI		
Loans	8,625	3,263
Interest on financial instruments measured at FVTPL		
Investments	4,076	1,833
Total	**64,154**	**79,779**

Note 20 - Dividend income

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Others	563	81
Total	**563**	**81**

Note 21 - Fees and commission income

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Collection and sourcing fees	2,755	6,927
Other fees	226	106
Total	**2,981**	**7,033**

Note 22 - Net gain/(loss) on fair value changes

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
a) on financial instruments designated at fair value through profit and loss account-		
Gain/(loss) on fair value of market linked non convertible debentures	(1,142)	(3,405)
Gain/(loss) on derivatives (net)	4,815	(1,778)
Gain/(loss) on fair value of investments classified as FVTPL	4,025	(1,115)
Total	**7,698**	**(6,298)**
Fair Value changes:		
Unrealised gain/(loss)	(17,003)	6,006
Realised (loss)/gain	24,701	(12,304)
Total	**7,698**	**(6,298)**

Note 23 - Other revenue from operations

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Gain on assignment	318	382
Other revenue	33	89
Total	**351**	**471**

All amounts are in INR lakhs except per share data and unless stated otherwise

Note 24 - Other income

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Reversal of provision for value added tax	-	168
Reversal of provision for securitisation	-	1,184
Miscellaneous income	1,804	1,206
Reversal of provision for litigation (net)	124	105
Interest on lease deposits	6	13
Total	**1,934**	**2,676**

Note 25 - Finance costs

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Interest on financial liabilities measured at amortised cost		
Non convertible debentures	7,627	6,425
Inter corporate borrowings	8,048	11,102
Commercial paper	-	1,356
Borrowings from banks	21	937
Finance lease	1	4
Others	96	94
Interest on financial liabilities designated at FVTPL		
Market linked non convertible debentures	11,257	17,455
Total	**27,050**	**37,373**

Note 26 - Fees and commission expense

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Transfer pricing fees (refer note - Note 42H)	5,432	5,322
Fees and commission expense	1,566	2,149
Distribution and placement fees	537	842
Brokerage	184	114
Total	**7,719**	**8,427**

Note 27 - Impairment on financial instruments

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Financial instruments measured at amortised cost		
Write offs (net of recoveries)	5,871	3,851
Expected credit loss on loans	771	1,809
Expected credit loss on other assets	2	2
Financial instruments measured at FVOCI		
Expected credit loss on loans	1,413	1,418
Write offs (net of recoveries)	249	(72)
Total	**8,306**	**7,008**

All amounts are in INR lakhs except per share data and unless stated otherwise

Note 28 - Employee benefits expenses

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Salaries, wages and bonus	4,617	3,763
Contribution to provident fund and other funds	237	222
Gratuity (Refer note 41)	85	74
Other expenses	31	21
Total	**4,970**	**4,080**

Note 29 - Other expenses

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Rent	679	721
Premises maintenance costs	561	568
Bank charges	52	185
Net loss/(gain) on derecognition of property, plant and equipment	13	(6)
Credit rating and surveillance fees	130	71
Service bureau expenses	1,606	3,102
Technology and software expenses	1,153	1,303
Stamping / franking charges	65	271
Travelling and conveyance expenses	160	381
Telephone expenses	30	37
Professional and legal expenses	316	526
Collection expenses	1,767	1,864
HR processing charges	47	50
Payments to the auditors	88	82
(a) Statutory Audit	60	59
(b) Tax audit	8	9
(c) Limited Review	12	6
(d) Reimbursement of expenses	8	8
Corporate social responsibility expenses (refer note 39)	848	509
Miscellaneous expenses	344	326
Total	**7,859**	**9,990**

Notes to the consolidated financial statements (continued)
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Note 30 - Income tax

a) The components of income tax expense are:

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Current tax		
Current tax on profits for the year	3,913	3,638
Adjustments for current tax of prior periods	-	-
Total current tax expense	**3,913**	**3,638**
Deferred tax		
Decrease/(Increase) in deferred tax assets	8,067	483
(Decrease)/ Increase in deferred tax liabilities	(5,731)	1,298
Total deferred tax expense	**2,336**	**1,781**
Total tax expense	**6,249**	**5,419**

b) Tax charge recognised directly to other comprehensive income

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Deferred tax expense/(benefit)	(446)	(944)
Total tax charge/(benefit) recognized directly in other comprehensive income	**(446)**	**(944)**

c) Reconciliation of the total tax charge

The table below explains the differences between the expected tax expense, at the Indian statutory tax rate payable by corporate entities in India on taxable profits under tax laws in India, and the Company's total tax expense for the year.

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Accounting profit before tax	21,432	16,485
Add: Dividend reversed under equity method of acounting	252	252
Accounting profit before tax	21,684	16,737
Tax at India's statutory income tax rate of 34.944% (31 March 2019 34.944%)	**7,577**	**5,849**
Tax effect of the amount which are not taxable in calculating taxable income :		
- Dividend Income not liable to tax	-	(116)
- Expenses related to Dividend Income	-	47
- CSR expenses (net of benefit of deduction)	239	89
- Education cess	(160)	
- Other	(1,407)	(450)
Income tax expense	**6,249**	**5,419**
Effective tax rate	**28.82%**	**32.38%**

d) Current tax assets

Particulars	As at 31 March 2021	As at 31 March 2020
Advance income tax (net of provision for tax)	19,042	18,649
Total	**19,042**	**18,649**

Notes to the consolidated financial statements (continued)

for the year ended 31 March 2021

All amounts are in INR lakhs except per share data and unless stated otherwise

e) Deferred tax assets/liabilities

The balance comprises temporary differences attributable to the below items and corresponding movement in deferred tax liabilities / assets:

Particulars	As at 31 March 2020	(Charged)/ credited to profit and loss	(Charged)/ credited to OCI	As at 31 March 2021
Deferred tax liability :				
Fair value of derivatives and Investments	(4,429)	5,730	-	1,302
Lease rental receivable	(1)	1	-	-
Changes in fair value of FVOCI debt instruments	(1,273)	-	(472)	(1,745)
	(5,703)	**5,731**	**(472)**	**(443)**
Deferred tax asset :				
Provisions on financial assets	6,843	(4,136)	-	2,707
Property, plant and equipment	2,903	(364)	-	2,539
Disallowance of expenses	137	(30)	-	107
Interest accrued on debentures	6,042	(790)	-	5,252
Remeasurement of defined benefit obligation at FVOCI	42	-	26	68
Others	10	5,223	-	5,233
	15,977	**(97)**	**26**	**15,906**
MAT Credit available	13,267	(7,970)	-	5,567
Net deferred tax asset/(liability)*	**23,541**	**(2,336)**	**(446)**	**21,029**

Particulars	As at 31 March 2019	(Charged)/ credited to profit and loss	(Charged)/ credited to OCI	As at 31 March 2020
Deferred tax liability :				
Fair value of derivatives	(2,854)	(1,960)	-	(4,814)
Lease rental receivable	(6)	5	-	(1)
Changes in fair value of FVOCI debt instruments	(304)	-	(969)	(1,273)
Fair value of investments	(272)	657	-	385
	(3,436)	**(1,298)**	**(969)**	**(5,703)**
Deferred tax asset :				
Provisions on financial assets	6,284	559	-	6,843
Property, plant and equipment	3,981	(1,078)	-	2,903
Disallowance of expenses	186	(49)	-	137
Interest accrued on debentures	5,947	95	-	6,042
Remeasurement of defined benefit obligation at FVOCI	17	-	25	42
MAT Credit available	13,538	-	-	13,538
Others	19	(9)		10
	29,971	**(483)**	**25**	**29,515**
Less: Utilisation of MAT credit towards provision for tax				(271)
Net deferred tax asset/(liability)	**26,536**	**(1,781)**	**(944)**	**23,541**

Note 31 - Fair value measurements

a) Fair value measurement
As per Ind AS 113, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It is a measure as at a specific date and may be significantly different from the amount which will actually be paid or received on maturity or settlement date. The standard also provides a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value, which gives highest priority to quoted prices.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. Assets and liabilities are classified as Level 1 if their value is observable in an active market.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. A Level 2 input must be observable for substantially the full term of the instrument. Level 2 inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves observable at commonly quoted intervals, implied volatilities; and credit spreads.

Level 3 inputs are unobservable inputs. Assets and liabilities are classified as Level 3 if their valuation incorporates significant inputs that are not based on observable market data.

Wherever possible, fair values have been calculated using unadjusted quoted market prices in active markets for identical instruments held by the Company. Where quoted market prices are not available, or are unreliable because of poor liquidity, fair values have been determined using valuation techniques which, to the extent possible, use market observable inputs, but in some cases may also use non-market observable inputs also. Valuation techniques used include discounted cash flow analysis, price to earning ratio and, where appropriate, comparison to instruments with characteristics similar to those of the instruments held by the Company after making necessary adjustments (eg. broker polling method).

b) Valuation techniques

- The fair value of exchange traded and OTC derivatives are determined using valuation models when quoted market prices or third-party consensus pricing information are not available. The valuation models, such as discounted cash flow method or Black-Scholes option model, incorporate observable or unobservable inputs for interest rates, equity indices, credit spreads, corresponding market volatility levels, and other market-based pricing factors. The Company uses widely recognised valuation models to determine the fair value of financial instruments. The inputs of the models are usually observable and available in the market for exchange traded derivatives and simple OTC derivatives. Use of observable inputs for valuation of derivative instrument are classified as Level 2 in the hierarchy (as stated above) where available and the unobservable inputs used are not significant to the fair value of the derivatives.

- Loans measured at fair value through other comprehensive income are valued using income approach wherein, the future cash inflows are discounted using appropriate broker quotes. These broker quotes are obtained from the market participants as exit price for similar loan portfolio. Use of broker quotes is classified as Level 2 in the fair value heirarchy, being quoted price for similar financial assets.

- Investment in equity shares consist of unlisted equity shares. For unlisted equity shares, fair value is determined based on quoted market prices for similar securities or through valuation techniques, such as multiples of earnings or net asset value method. A liquidity discount is applied when few or no transactions exist to support the valuations. In case of unlisted equity shares, significant inputs being unobservable, they are classified as Level 3 in the fair value hierarchy.

-Investment in debt securities are valued basis rates provided by FIMMDA (Fixed Income Money Market and Derivatives Association of India). Use of FIMMDA rate is classified as Level 2 in the fair value hierarchy.

- Market linked non convertible debentures are fair valued based on fair valuation of the underlying embedded derivative and the host principal.
Embedded derivatives linked to equity index are measured basis valuation models for determination of fair value of derivatives stated above. The fair value of host contract (principal component) is derived using broker polling method by obtaining quotes of similar instruments. Inputs used for fair valuation of market linked convertible debentures are classified as Level 2 in the fair value heirarchy as they are directly or indirectly observable in the market. No significant unobservable inputs are used in valuation of market linked non convertible debentures.

c) Valuation Control framework
The Company uses models for valuation of financial instruments which are subject to due diligence before becoming operational and goes through periodic assessment. These models are assessed by the Market Risk Management team housed under Risk Management. The key elements of the framework for the valuation of financial instruments include model validation, model implementation review and independent verification. Additionally, for fair values determined using valuation models, the control framework also includes development or validation by independent support functions of the model logic, inputs, model outputs and adjustments.

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d) Financial instruments by category

Particulars	As at 31 March 2021			As at 31 March 2020		
	FVTPL	FVOCI	At Amortised Cost	FVTPL	FVOCI	At Amortised Cost
Financial Assets						
Cash and cash equivalents	-	-	142,731	-	-	98,515
Bank balance other than cash and cash equivalents above	-	-	14,486	-	-	13,906
Derivative financial assets	2,797	-	-	6,646	-	-
Trade receivables			1,367			2,403
Other receivables	-	-	1,964	-	-	629
Loans	-	205,122	544,622	-	89,277	768,468
Investments	104,477	-	-	58,730	-	-
Other financial assets	-	-	4,304	-	-	4,442
Total financial assets	**107,274**	**205,122**	**709,474**	**65,376**	**89,277**	**888,363**
Financial Liabilities						
Derivative financial liabilities	1,083	-	-	7,530	-	-
Trade Payables	-	-	10,558	-	-	5,371
Debt securities	148,418	-	220,869	200,056	-	201,121
Borrowings (other than debt securities)	-	-	259,900	-	-	261,221
Other financial liabilities	-	-	8,481	-	-	4,421
Total financial liabilities	**149,501**	**-**	**499,808**	**207,586**	**-**	**472,134**

Note: Investment in associate amounting to INR 21,034 (31 March 2020: INR 18,481) is accounted under equity method and does not form part of the above.

e) Fair value hierarchy

Financial asset and liabilities measured at fair value - recurring fair value measurements	As at 31 March 2021			As at 31 March 2020		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets measured at - Fair value through profit and loss						
Derivative financial assets	-	2,797	-	-	6,646	-
Investments	-	98,233	6,244	-	54,450	4,280
Fair value through other comprehensive income						
Loans	-	205,122	-	-	89,277	-
Total	**-**	**306,152**	**6,244**	**-**	**150,373**	**4,280**
Financial liabilities measured fair value through profit and loss						
Derivative financial instruments	-	1,083	-	-	7,530	-
Debt securities	-	148,418	-	-	200,056	-
Total	**-**	**149,501**	**-**	**-**	**207,586**	**-**

Financial assets and liabilities measured at amortised cost for which fair value is disclosed	Fair value hierarchy	As at 31 March 2021		As at 31 March 2020	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets					
Loans	Level 3	544,622	540,510	768,468	755,335
Financial liabilities					
Debt securities	Level 3	220,869	221,342	201,121	201,736
Inter-corporate borrowing	Level 3	258,268	258,028	206,248	205,909

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

f) Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items for the periods ended 31 March 2021 and 31 March 2020:

	As at 31 March 2021	As at 31 March 2020
As at begining of the year	**4,280**	**5,377**
Transfer between Levels	-	-
Gains / (losses) recognised in profit and loss	1,964	(1,097)
As at end of the year	**6,244**	**4,280**

g) Valuation inputs and relationships to fair value

Particulars	Valuation technique	Significant unobservable inputs	Change in input	As at 31 March 2021	As at 31 March 2020
Investments in unquoted equity shares	P/E multiples	Earnings growth rate	± 1.5%	110/(110)	55/(55)
		Liquidity discounts	± 10%	(857)/857	(526)/526

Note 31 - Financial Risk Management

The Company's activities expose it to credit risk, liquidity risk and market risk. This note explains the sources of risk which the Company is exposed to, how the Company manages the risk and the related accounting impact in the financial statements.

Risk type	Nature of risk	Risk arising from	Risk management process
Credit risk	Credit risk is the risk of loss resulting from the decline in credit quality (or downgrade risk) or failure of a borrower, counterparty, third party or issuer to honor its financial or contractual obligations.	Credit risk arises principally from lending and investment.	Credit risk is: - measured as the amount that could be lost if a customer or counterparty fails to make repayments. The Company considers the amount of principal outstanding and interest due as credit exposure from its borrowers; - monitored using various internal risk management measures and within limits approved by individuals within a framework of delegated authorities; and - managed through a robust risk control framework and governance process, which outlines clear and consistent policies, principles and guidance for risk managers for credit sanctioning, lending and risk monitoring.
Liquidity risk	Liquidity risk is the risk that the Company does not have sufficiently stable and diverse sources of funding. Also the risk of insufficient financial resources to meet our commitments as they fall due.	Liquidity risk arises from mismatches in the timing of cash flows.	Liquidity risk is: - assessed through the internal liquidity adequacy assessment process (‘RLAP’); - monitored against the Group’s liquidity and funding risk framework; and - maintaining a contingency funding plan detailing actions and strategies available in stressed conditions.
Market risk	Market risk is the risk of loss arising from changes in the value of the Company's assets and liabilities resulting from changes in market variables (for eg.interest rates).	Structured notes, Investments held for trading, loans carried at fair value through other comprehensive income.	Market risk is: - measured using sensitivities and stress testing using factor sensitivities for market movements and scenarios; - managed by Market Risk Management (MRM) - reports and monitors the trading risk exposures against approved limits and triggers on a daily basis.

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

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

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

All amounts are in INR lakhs except per share data and unless stated otherwise

Note 32 - Financial Risk Management (Continued)

A. Credit risk

Credit risk is the risk of loss resulting from the decline in credit quality or the failure of a borrower, counterparty, third party or issuer to honor its financial or contractual obligations. Credit risk mainly arises from CFIL's lending business activity which can be classified as below:
a) Loans and advances to corporate customers and HNIs i.e. High networth individuals
b) Loans and advances to other retail customers (other retail loans)
Credit risk also arises from concentration of exposure within a specific client, industry, region or other category.

i) Credit quality analysis and credit exposure
The Company assesses and manages credit risk based on assessment of obligor risk using obligor risk rating (ORR) for loans and advances to corporate customers and HNIs.

Asset backed Finance business is made up of smaller exposures with homogeneous credit risk characteristics, where the underwriting process is rules-based, rather than judgmental, and where collection activities and write-offs are primarily driven by the number of days past due. The Company assesses and manages credit risk based on assessment of obligor risk using the defined Risk Acceptance Criteria (RAC) for extending loans to procure Commercial Vehicles and Construction Equipment. The RACs broadly include Assessment of KYC and Management, Review of Credit Bureau Checks etc.

Personal Loan business is made up of individual loans, where the underwriting process is rules-based, rather than judgmental. The Company assesses and manages credit risk based on the defined Risk Acceptance Criteria (RAC) for extending loans to Individuals for personal use only. The RACs broadly includes review of Credit Bureau, Income and customers' ability to Pay. PIL underwriting is completely based on validated income. Each PIL application passes through the robust custom Application Scorecard. This scorecard is the best Risk differentiator for underwriting."

For Corporate customers and HNIs the Credit risk team assesses and maintains the internal risk rating system. Obligor risk rating assessment is done for each obligor availing credit facilities. The Company assigns ORRs to each obligor based on assumptions, inputs and factors specific to the obligor. The credit quality classification can be mapped to the obligor risk rating grade equivalent for loans and advances to corporate customers and HNIs. The ORR grades are mapped to the external ratings grade issued by Credit Rating Agencies.

The ORR 23 grade scale (1-10 including modifiers,e.g. 1,2+,2,2- and so on) summarises a more granular underlying 23 grade scale of obligor probability of default ('PD'). All corporate obligors are rated using the 23 grade scale, as per the Company's assessment. Each ORR band is associated with an external rating grade by reference to long-run default rates for that grade, represented by the average of issuer-weighted historical default rates. This mapping between internal and external ratings is indicative and may vary over time. The said mapping between internal and external ratings have been summarised below.

Internal ratings category	**Credit risk category**	**External ratings**		**Probability of default (PD)**
		S&P's	**Moody's**	
Grades: 1 to 4-	Low	AAA to BBB-	Aaa to Baa3	0% to 0.34%
Grades: 5+ to 5-	Medium	BB+ to BB-	Ba1 to Ba3	0.89% to 3.39%
Grades: 6+ to 6-	High	B+ to B-	B1 to B3	5.57% to 12.16%
Grades: 7+ to 7-	Watchlist	CCC+ to CCC-	Caa1 to Caa3	16.64% to 22.13%
Grades: 8 to 10	Default	SD/D	-	-

The following tables set out information about the credit quality of loans and advances to Corporates and HNIs.

Internal rating grades (ORR)	**Credit risk category**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
As at 31 March 2021					
Grades: 1 to 4-	Low	262,829	-	-	262,829
Grades: 5+ to 5-	Medium	134,931	-	-	134,931
Grades: 6+ to 6-	High	10,160	-	-	10,160
Grades: 7+ to 7-	Watchlist	17,000	-	-	17,000
Grades: 8 to 10	Default	-	-	-	-
Principal outstanding		**424,920**	**-**	**-**	**424,920**
Interest accrued but not collected		1,873	-	-	1,873
Total exposure		**426,793**	**-**	**-**	**426,793**
Less: expected credit losses on total exposure		(387)	-	-	(387)
Net carrying amount		**426,406**	**-**	**-**	**426,406**
As at 31 March 2020					
Grades: 1 to 4-	Low	434,796	-	-	434,796
Grades: 5+ to 5-	Medium	98,698	3,500	-	102,198
Grades: 6+ to 6-	High	28,380	-	-	28,380
Grades: 7+ to 7-	Watchlist	-	-	-	-
Grades: 8 to 10	Default	-	-	-	-
Principal outstanding		**561,874**	**3,500**	**-**	**565,374**
Interest accrued but not collected		6,817	25	-	6,842
Total exposure		**568,691**	**3,525**	**-**	**572,216**
Less: expected credit losses on total exposure		(690)	(10)	-	(700)
Net carrying amount		**568,001**	**3,515**	**-**	**571,516**

All amounts are in INR lakhs except per share data and unless stated otherwise

The following tables set out information about the credit quality of loans and advances to other retail customers.

Particulars	Loans carried at amortised cost	Loans carried at FVOCI	Commited lines of credit
As at 31 March 2021			
Stage 1	117,385	199,615	4,730
Stage 2	1,838	1,916	-
Stage 3	16	363	-
Total exposure	**119,239**	**201,894**	**4,730**
Less: expected credit losses on total exposure	(6,138)	(2,982)	(49)
Net carrying amount	**113,101**	**198,912**	**4,681**
As at 31 March 2020			
Stage 1	192,114	85,743	15,567
Stage 2	1,477	619	-
Stage 3	696	112	-
Total exposure	**194,287**	**86,474**	**15,567**
Less: expected credit losses on total exposure	(5,052)	(1,559)	(60)
Net carrying amount	**189,235**	**84,915**	**15,507**

The following table sets out information about the credit quality of investments in debt instruments measured at fair value through P&L.The amounts in the table represent gross carrying amounts which is also the maximum credit exposure of the financial assets.

Particulars	As at 31 March 2021	As at 31 March 2020
Rated AA and above	98,233	54,450
Rated A- to A+	-	-
Total	**98,233**	**54,450**

Cash and cash equivalents and other bank balances
The Company holds cash and cash equivalents of INR 142,731 and other bank balances of INR 14,486 as at 31 March 2021 (31 March 2020: INR 98,515 and INR 13,906).The Company maintains its Cash and cash equivalents and Bank deposits with banks having low credit risk as per the internal obligor risk rating and also reviews the credit-worthiness of the banks on an on-going basis. The Company has provided for expected credit losses on its exposure on margin money held for derivatives and fixed deposits.

ii) Collateral held
The Company generally accepts bank deposits, financial assets, marketable securities, inventories and real estate as collaterals in the case of secured loans. As of 31 March 2021, 71.97% of the aggregate principal amount of the Company's loans were secured by collateral (31 March 2020: 55.23%). 28.03% of the Company's loans were unsecured as at 31 March 2021(31 March 2020: 44.77%).

At March 31, 2021, the net carrying amount of credit-impaired loans and advances amounted to INR 379 (31 March 2020: INR 808) and the value of identifiable collateral held against those loans and advances amounted to INR 283 (31 March 2020: INR 113).

The following table sets out the principal types of collateral held against different types of financial assets.

Instrument type	Percentage of exposure that is subject to collateral requirements		Principal type of collateral held
	As at 31 March 2021	As at 31 March 2020	
Loans and advances to corporate customers and HNIs			
Corporate loans	18%	24%	Book debts, inventories and financial assets
Margin and securities backed finance	100%	100%	Financial assets
Loans and advances to other retail customers			
Personal loans	0%	0%	Unsecured
Advance against financial assets	NA	100%	Financial assets
Asset backed finance	100%	100%	Commercial vehicles and construction equipments

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The following tables stratify credit exposures for margin lending loans by ranges of loan-to-value (LTV) ratio. LTV is calculated as the ratio of the gross amount of the loan to the value of the collateral. The valuation of the collateral excludes any adjustments for obtaining and selling the collateral. The maximum loan to value is basis the local regulatory norms for margin lending loans. The collateral value for marketable securities is derived basis market prices of such securities.

Margin lending loans

LTV ratio	Loans and advances to retail customers		Loans and advances to corporate customers	
	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020
Less than 51%	100.00%	68.84%	100.00%	99.81%
51-70%	0.00%	31.16%	0.00%	0.19%
71-90%	0.00%	0.00%	0.00%	0.00%
91-100%	0.00%	0.00%	0.00%	0.00%
More than 100%	0.00%	0.00%	0.00%	0.00%
Total	**100.00%**	**100.00%**	**100.00%**	**100.00%**

As at 31 March 2021, the fair value of financial assets accepted as collateral that the Company is permitted to sell or repledge in the absence of default for loans and advances to retail customers and to corporate customers and HNIs is NIL and INR 823,767 for 31st Mar'21 respectively (31 March 2020: INR 52,598 and INR 859,131)

iii) Inputs, assumptions, techniques used for estimating impairment

The Company measures the amount of ECL on a financial instrument in a way that reflects an unbiased and probability-weighted amount. The Company considers its historical loss experience and adjusts the same for current observable data. The key inputs into the measurement of ECL are the probability of default, loss given default and exposure at default. These parameters are derived from the Company's internally developed statistical models and other historical data. In addition, the Company uses reasonable and supportable information on future economic conditions including macroeconomic factors such as gross domestic product and unemployment rate. Since incorporating these forward looking information increases the judgment as to how the changes in these macroeconomic factor will affect ECL, the methodology and assumptions are reviewed regularly. The Company has applied a three-stage approach to measure expected credit losses (ECL) on debt instruments accounted for at amortised cost and FVOCI. Assets migrate through following three stages based on the changes in credit quality since initial recognition:

Stage 1: 12- months ECL: For exposures where there is no significant increase in credit risk since initial recognition and that are not credit-impaired upon origination, the portion of the lifetime ECL associated with the probability of default events occurring within the next 12- months is recognized.

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

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

The key inputs into the measurement of ECL are the term structure of the following variables:
- Probability of defaults (PDs) - Obligor level PD derived from PD and rating migration model. Model will use point in time PD values which will vary based on Macro economic variable forecasts.

- Loss given default (LGD) - LGD for different product and geographic segments are captured in the LGD estimates. The model is calibrated to loss data over time for different macroeconomic scenarios and collateral types. The current GAAP uses a fixed write off rate for all exposures.

- Exposure at default (EAD) i.e. the total expected exposure in the event of a default. The Company calculates expected credit losses on interest earned but not collected at portfolio level.

All amounts are in INR lakhs except per share data and unless stated otherwise

Loans and advances to corporate customers and HNIs
The company have an internal risk rating system that accurately and reliably differentiates between degrees of credit risk for classifiable managed exposures. To differentiate among degrees of credit risk and make meaningful and consistent distinctions among degrees of credit risk, the Company reviews its credit exposure along two dimensions – Default Risk and loss severity in the event of default.
In case of Classifiable managed obligors, company assigns
- Rating grades that appropriately reflect likelihood of default and
- Loss severity rating grade (or Loss Given Default estimates) that approximately reflect the loss severity expected in the event of default during economic downturn conditions.

The Obligor Risk Rating (ORR) represents the probability that an obligor will default within a one year time horizon. Risk ratings for obligors are assigned on a scale of 1 to 10, with sub- grades, where "1" is the best quality risk and "7-" is the worst for obligors that are not in default. ORRs of "9+", "9" and "10" are assigned to obligors meeting the definition of default under Basel when either or both of the following have occurred
- When the obligor is past due more than 90 days on any material credit obligation.
- When the company considers that the obligor is unlikely to pay its credit obligations in full, without recourse by Citi to actions such as realizing security (if held), collecting against a guarantee or other form of support, or filing a claim against the insurer.

The Facility Risk Rating (FRR) represents an expected loss rate, or "Loss Norm", for each facility, and is the product of two components:
The one-year Probability of Default (PD) of the Obligor,and The Loss Given Default (LGD) of a facility.
FRRs are assigned on a scale of 1 to 10, with sub-grades, where '1' is the best quality risk and '7-' is the worst for performing facilities. FRRs of 8, 9, and 10 are assigned to non- performing facilities.

At each reporting date, the Company assesses whether there has been a significant increase in credit risk of its financial assets since initial recognition by comparing the risk of default occurring over the expected life of the asset. In determining whether credit risk has increased significantly since initial recognition, the Company uses information that is relevant and available without undue cost or effort. This includes the Company's internal credit rating grading system, external risk ratings and forward-looking information to assess deterioration in credit quality of a financial asset.
The Company considers probability of default upon initial recognition of asset and whether there has been any significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Company compares the risk of default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information. Following indicators are incorporated:
- Internal credit rating
- changes in external credit rating (as far as available)
- actual or expected significant adverse changes in business, financial or economic condition that are expected to cause a significant change to borrower's ability to meet its obligations.
- significant increase in credit risk on other financial instruments of same borrower
- significant changes in value of the collateral supporting the obligation or in the quality of third party guarantees or credit support.
- significant changes in expected performance and behavior of the borrower including changes in payment status of borrowers and changes in operating results.
In addition to the DPD indicator for loans and advances to corporate customers and HNIs portfolio, it is presumed that the credit risk has significantly increased since initial recognition if the probability of default has increased by 20 bps and the movement in standard deviation of the PD is equal to or more than 1.

Loans and advances to other retail customers
The Company assesses and manages credit risk for retail customers at portfolio level. The customers are pooled into portfolios based on homogenous product characteristics. Credit risk for retail product portfolio is assessed based on quantitative indicator of obligor behaviour. This quantitative criteria is used to assess the Staging of the exposures and the probability of default for estimation of ECL.

Quantitative based staging criteria are as follows:
- Stage 3: 90 and above DPD accounts; loans with partial charge-offs and and qualitative factors (such as current and expected borrower's liquidity position, need for refinance, significant change in collateral value) and other factors as considered appropriate by the management and credit committee.
- Stage 2: Accounts that are not Stage 3 and are 30-89 DPD; Hardship modifications (<6 months on book); Behavior score drops below marginal booking segment (if available)
- Stage 1: All accounts that are not Stage 2 or 3

In addition to quantitative factors as mentioned above, loans / exposures are also assessed for qualitative factors for staging. These include:
a) material adverse changes in business, financial or economic conditions that are expected to cause a significant change in the borrower's ability to meet its debt obligations to the Company.
b) significant adverse change in the regulatory, economic, or technological environment of the borrower that results in a significant change in the borrower's ability to meet its debt obligations to the Company
c) significant changes in the value of the collateral
d) significant changes in the loan documentation / arrangement

LGD is the magnitude of the likely loss if there is a default.
For the corporate portfolio, the Company estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral, seniority of the claim, counterparty industry and recovery costs of any collateral that is integral to the financial asset.
For retail portfolio, the Company segments its portfolios into smaller homogenous portfolios, based on the key characteristics that are relevant to the estimation of future cash flows. The applied data is based on historically collected loss data and involves a wider set of transaction characteristics as well as borrower characteristics.

The following table presents the key macroeconomic indicators used for the purposes of measurement of ECL in the periods presented.

Macro economic indicator	As at 31 March 2022	As at 31 March 2021	As at 31 March 2020
GDP growth	12.90%	-9.80%	7.70%

All amounts are in INR lakhs except per share data and unless stated otherwise

Particulars	Total exposure				Expected credit loss (ECL)				Net carrying amount
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	
Loans and advances carried at amortised cost									
- Loans and advances to corporate customers	426,793	-	-	**426,793**	(386)	-	-	**(386)**	**426,407**
- Loans and advances to retail customers	117,385	1,838	16	**119,239**	(4,746)	(1,380)	(12)	**(6,138)**	**113,101**
Loans and advances carried at FVOCI					-	-	-		
- Loans and advances to retail customers	199,615	1,916	363	**201,894**	(2,089)	(750)	(143)	**(2,982)**	**198,912**
- Loan commitments	4,730	-	-	**4,730**	(49)	-	-	**(49)**	**4,681**
Other financial assets measured at amortised cost	164,951	-	-	**164,951**	-	-	-	**-**	**164,951**
As at 31 March 2021	**913,474**	**3,754**	**379**	**917,607**	**(7,270)**	**(2,130)**	**(155)**	**(9,555)**	**908,052**
Loans and advances carried at amortised cost									
- Loans and advances to corporate customers	568,691	3,525	-	**572,216**	(690)	(10)	-	**(700)**	**571,516**
- Loans and advances to retail customers	192,114	1,477	696	**194,287**	(3,422)	(1,108)	(522)	**(5,052)**	**189,235**
Loans and advances carried at FVOCI					-	-	-		**-**
- Loans and advances to retail customers	85,743	619	112	**86,474**	(1,336)	(187)	(36)	**(1,559)**	**84,915**
- Loan commitments	15,567	-	-	**15,567**	(60)	-	-	**(60)**	**15,507**
Other financial assets measured at amortised cost	119,994	-	-	**119,994**	-	-	-	**-**	**119,994**
As at 31 March 2020	**982,109**	**5,621**	**808**	**988,538**	**(5,508)**	**(1,305)**	**(558)**	**(7,371)**	**981,167**

iv) Reconciliation of loss allowance provision

Reconciliation of loss allowance	Loss allowance measured at 12 month expected losses	Loss allowance measured at life-time expected losses	
		Financial assets for which credit risk has increased significantly and not credit-impaired	Financial assets for which credit risk has increased significantly and credit-impaired
Loss allowance on 31 March 2021	**7,221**	**2,130**	**155**
Changes in loss allowances due to:			
Assets originated or purchased	4,016	1,969	1,306
Write – offs	(152)	(1,001)	(1,510)
Recoveries/ repayments	(2,062)	(178)	(193)
Changes in risk parameters	10	(10)	-
Change in measurement from 12-month to life-time expected losses or vice-versa	(39)	45	(6)
Loss allowance on 31 March 2020	**5,448**	**1,305**	**558**
Changes in loss allowances due to:			
Assets originated or purchased	2,795	1,150	455
Write – offs	(8)	(592)	(423)
Recoveries/ repayments	(719)	(211)	(109)
Changes in risk parameters	-	-	-
Change in measurement from 12-month to life-time expected losses or vice-versa	861	(10)	43
Loss allowance on 31 March 2019	**2,519**	**968**	**592**

All amounts are in INR lakhs except per share data and unless stated otherwise

Sensitivity analyisis of expected credit loss
For loans and advances given to corporate customers and HNIs, the Company estimates ECL based on internal models and the sensitivity of ECL to the input parameters assessed through the internal models has been considered to be immaterial.

In the case of retail loans portfolio, the Company uses days past due based customer behavior as a lagging indicator for staging. The ECL computation for retail loans is based on flow rates of obligors across the DPD buckets. The internal estimates based on the flow rate are a conservative estimate of the expected credit losses. Accordingly, the Company does not expect the estimated ECL to get adversely impacted due to changes in portfolio behaviour.

Write-offs still under enforcement
In the case of assets that are assessed collectively for impairment, the Company writes-off such secured and unsecured assets at 180 days and 120 days past due respectively unless there is empirical evidence to the contrary. The contractual amount outstanding on financial assets written-off and still subject to enforcement activity was INR 18,333 as at 31 March 2021 (31 March 2020: INR 12,478).

Loans with renegotiated terms
A loan that is renegotiated is derecognised if the existing agreement is cancelled and a new agreement is made on substantially different terms or if the terms of the existing agreement are modified such that the renegotiated loan is a substantially different instrument.

Where the renegotiation of such loans are not derecognised, impairment continues to be assessed for significant increases in credit risk compared to the initial origination credit risk rating.

v) Concentration of credit risk
Portfolio concentration is measured with the aim of optimizing the benefits associated with diversification and reducing the potential adverse impact of concentration of exposures to a particular borrower, sector or industry. Credit concentration shall be tracked and performed at:
1. Counterparty level (Single borrower limit / Group borrower limit)
2. Portfolio level -Sector

Counterparty exposure limits
The objective for setting exposure limits and the need for credit portfolio measurement emanates from the necessity to optimize the benefits associated with diversification and to reduce the potential adverse impact of concentration of exposures to a particular borrower, sector or industry.

In compliance with RBI directions vide RBI/DNBR/2016-17/45 Master Direction DNBR. PD. 008/03.10.119/2016-17, CFIL has set Single Borrower & Group borrower limits (SBL/GBL) as under which will be strictly adhered.

a) Lend to (i) any single borrower exceeding 15% of its owned fund; and (ii) any single group of borrowers exceeding 25% of its owned fund;
b) Invest in (i) the shares of another company exceeding 15% of its owned fund; and (ii) the shares of a single group of companies exceeding 25% of its owned fund;
c) Lend and invest (loans/investments taken together) exceeding (i) 25% of its owned fund to a single party; and (ii) 40% of its owned fund to a single group of parties.

These ceilings on credit/investments shall be applicable to the own group of the Company as well as to the other group of borrowers/investee companies.

CFIL will monitor the above regulatory limits, and ensure that the exposure to any borrower/group is not in breach. This would be tracked at the time of sanction itself to avoid sanction of any facility which is in excess of counterparty exposure norms. During the year ended 31 March 2021 and 31 March 2020, the Company's credit exposure to single borrowers and group borrowers were within the limits.

Portfolio exposure limits
Industry wise concentration limits are monitored for loans and advances given to corporate customers. Industry Limit is set to 20% of total outstanding loans and advances in the Company(except for Banks & FI where limit is set at 25%). Any breach in Industry limits to be approved by at least 2 board members. An analysis of concentrations of credit risk is shown below:

Sector	As at 31 March 2021	As at 31 March 2020
Chemicals	0.87%	9.33%
Pharma & Healthcare	0.00%	0.59%
Bank	0.00%	0.00%
Metals	0.50%	0.60%
Autos	2.64%	4.97%
Agriculture & Food Preparation	0.00%	0.00%
Other Financial Institutions	9.86%	3.31%
Other sectors(*)	3.22%	11.22%
Concentration of loans to corporate customers	**17.10%**	**30.02%**
Margin lending	**40.22%**	**38.95%**
Other loans and advances to retail customers	**42.68%**	**31.03%**
Total loans and advances outstanding	**100.00%**	**100.00%**

(*) Other sectors majorly include Company's exposure to Infrastructure Industry, Transport Equipment industry, Software industry, etc.

vi) Offsetting financial assets and financial liabilities
The company does not have any financial instruments with offsetting rights.

vii) Restructured Loans:
The Reserve Bank of India had provided a Resolution Framework for COVID-19-related Stress vide RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21 and RBI/2020-21/17 DOR.No.BP.BC/4/21.04.048/2020-21, the Company does not have any accounts where resolution plan has been implemented under the

Notes to the consolidated financial statements *(continued)*

for the year ended 31 March 2021

All amounts are in INR lakhs except per share data and unless stated otherwise

Note 32 - Financial Risk Management (Continued)

B. Liquidity risk

The liquidity objectives of the Company are to maintain a liquidity profile to enable it to efficiently meet expected and unexpected current and future cash flow and collateral needs and operate under a variety of market conditions, including market disruptions for both short term and long term periods.

The Company uses a variety of tools and metrics for measurement, monitoring and reporting of liquidity risk including liquidity gap statements, liquidity ratios on stock and flow approach as well as multiple stress testing scenarios over varying timeframes. The liquidity framework of the Company encompasses both the local regulatory liquidity reporting as well as additional internally adopted metrics to provide a comprehensive and robust coverage suited to our balance sheet requirements.

The Asset - Liability Committee (ALCO) comprising key stakeholders of the Company's senior management has direct oversight on balance sheet and liquidity while ongoing liquidity management is managed by the Treasury desk, with daily monitoring by Risk, Treasurer and Corporate Treasury functions.

The following factors add to comfort on management of balance sheet liquidity:
• Well capitalized balance sheet, with capital adequacy of 45.50% as of 31 March 2021 (41.87% as of 31st March 2020).
• Well diversified liability profile with market issuances carrying the highest credit rating for short term as well as long term issuances
• Diversified loan portfolio with multiple lines of business across Corporate and Retail segments

Financing arrangements

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

Particulars	**As at 31 March 2021**	**As at 31 March 2020**
Committed undrawn facility	180,000	180,000

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

Particulars	**Carrying amount**	**Contractual cash flows**					
		Gross nominal inflow/ (outflow)	**upto 3 months**	**3 to 6 months**	**6 to 12 months**	**1 year to 3 year**	**Over 3 year**
As at 31 March 2021							
Non-derivative financial liabilities							
Trade payables	10,558	(10,429)	(10,429)	-	-	-	-
Debt securities	369,287	(383,536)	(88,135)	(170,992)	(21,961)	(84,996)	(17,452)
Borrowings (other than debt securities)	259,900	(262,180)	(144,818)	(106,373)	(10,977)	-	(12)
Other financial liabilities	8,481	(8,481)	(8,285)	(196)	-	-	-
Total	**648,226**	**(664,626)**	**(251,667)**	**(277,561)**	**(32,938)**	**(84,996)**	**(17,464)**
Non-derivative financial assets							
Cash and cash equivalents	142,731	142,731	142,731	-	-	-	-
Bank balance other than cash and cash equivalents above	14,486	14,671	11,898	87	-	-	2,686
Receivables	3,331	3,331	3,331	-	-	-	-
Loans	749,744	810,668	224,437	179,303	115,382	235,914	55,632
Investments	125,511	127,407	-	9,262	15,671	33,466	69,008
Other financial assets	4,304	4,304	4,277	-	-	-	27
Total	**1,040,107**	**1,103,112**	**386,674**	**188,652**	**131,053**	**269,380**	**127,353**

All amounts are in INR lakhs except per share data and unless stated otherwise

Particulars	Carrying amount	Contractual cash flows					
		Gross nominal inflow/ (outflow)	upto 3 months	3 to 6 months	6 to 12 months	1 year to 3 year	Over 3 year
As at 31 March 2020							
Non-derivative financial liabilities							
Trade payables	5,371	(5,371)	(5,371)	-	-	-	-
Debt securities	401,177	(499,626)	(7,863)	(2,884)	(3,843)	(289,372)	(195,664)
Borrowings (other than debt securities)	261,221	(208,210)	(151,470)	(30,931)	(25,809)	-	-
Other financial liabilities	4,421	(4,421)	(4,217)	(204)	-	-	-
Total	**672,190**	**(717,628)**	**(168,921)**	**(34,019)**	**(29,652)**	**(289,372)**	**(195,664)**
Non-derivative financial assets							
Cash and cash equivalents	98,515	98,515	98,515	-	-	-	-
Bank balance other than cash and cash equivalents above	13,906	14,298	8,176	2,821	568	-	2,733
Receivables	3,032	3,032	3,032	-	-	-	-
Loans	857,745	928,235	342,105	68,270	242,898	224,162	50,800
Investments	77,211	63,424	22,084	-	-	8,362	32,978
Other financial assets	4,442	4,442	4,440	-	-	-	2
Total	**1,054,851**	**1,111,946**	**478,352**	**71,091**	**243,466**	**232,524**	**86,513**

The table below analyses the Company's derivative financial instruments into relevant maturity groupings based on the remaining period as at respective year end to the contractual maturity date:

Particulars	Carrying amount	upto 3 months	3 to 6 months	6 to 12 months	1 year to 3 year	Over 3 year
Derivative financial assets						
As at 31 March 2021	2,797	-	-	-	2,797	-
As at 31 March 2020	6,646	-	-	6,278	368	-
Derivative financial liabilities						
As at 31 March 2021	1,083	-	-	300	783	-
As at 31 March 2020	7,530	-	-	-	7,530	-

All amounts are in INR lakhs except per share data and unless stated otherwise

Note 32 - Financial Risk Management (Continued)

C. Market risk

Market risk is the risk arising due to changes in market prices – (e.g. interest rates and equity prices) and will affect the Company's income or the value of its holdings of financial instruments. The objective of the Company's market risk management is to manage and control market risk exposures within acceptable parameters to ensure the Company's solvency while optimizing the return on risk.

All market risk taking activities are centralized with treasury. The Company's ALM policy is approved by Board of directors which defines the process and procedures of limit approvals, changes, delegation, reporting and escalation in case of limit excesses and trigger breaches. The Market Risk Management (MRM) monitors the risk exposures against approved limits and triggers at regular interval. MRM is responsible for the ongoing monitoring of the excess/breach to ensure that the corrective action plan is carried out. In case if a breach is reported and if it is determined to be real, it is reported to the ALCO and the Senior Market Risk Management.

i) Price risk
Price risk exposes the Company to fluctuations in fair values or future cash flows of a financial instrument because of changes in market prices whether those changes are caused by factors specific to the individual financial instrument or its issuer or by factors affecting all similar financial instruments traded in the market. The below table represents measures of the financial condition impacted by market risk for the financial instruments measured at fair value as on the reporting date:

Nature of product	Measurement basis	Sensitivity	Impact on the profit and loss account	
			Year ended 31 March 2021	Year ended 31 March 2020
Market linked debentures (net off hedged derivatives)	FVTPL	±100 basis points in interest rates	239/(239)	12/(12)
Investments in commercial papers and corporate bonds	FVTPL	±100 basis points in interest rates	(2406)/2406	(2425)/2425
Investments in unquoted equity shares	FVTPL	± 1.5% in earnings growth rate	110/(110)	55/(55)
		± 10% in liquidity adjustment factor	(857)/857	(526)/526

ii) Interest rate risk

Interest rate risk represents the Company's exposure to adverse movements in interest rates with regard to its debt instruments. Interest rate exposure (IRE) measures the potential pre-tax earnings impact, over a specified reporting period, for the accrual positions, from a defined change in the yield curve. Residual market risk is also monitored using a series of measures, including factor sensitivities (PV01). Factor sensitivity (PV01) is expressed as the change in the value of a position for a 1bp change in interest rate. Market Risk Management monitors factors for all relevant market risk.

The Company's exposure to interest rate risk arises majorly through structured debt securities where payment of interests are linked to the movement in the market index i.e. Nifty. The interest rate risk on such structured debt instruments are hedged through equity options and implied forwards.

Nature of product	Measurement basis	Sensitivity	Impact on the profit and loss account	
			Year ended 31 March 2021	Year ended 31 March 2020
Market linked debentures	FVTPL	±100 basis points in yield	(576)/576	(1235)/1235

Nature of product	Measurement basis	Sensitivity	Impact on other comprehensive income	
			Year ended 31 March 2021	Year ended 31 March 2020
Loans measured at FVOCI	FVOCI	±50 basis points in interest rates	(1543)/1566	(708)/719

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All amounts are in INR lakhs except per share data and unless stated otherwise

Note 32 - Financial Risk Management (Continued)

C. Market risk (continued)

The following is a summary of the Company's interest rate gap position on non-trading portfolios :

Particulars	upto 3 months	3 to 6 months	6 to 12 months	1 year to 3 year	Over 3 year	Non-sensitive	Total
As at 31 March 2021							
Assets							
Cash and cash equivalents	103,834	-	-	-	-	38,897	142,731
Bank balance other than cash and cash equivalents above	11,828	82	-	-	-	2,576	14,486
Derivative financial assets	1,537	-	-	-	-	1,260	2,797
Receivables	-	-	-	-	-	3,331	3,331
Loans	209,745	167,922	101,004	211,382	50,926	8,765	749,744
Investments	-	9,000	15,000	30,000	36,500	35,011	125,511
Other financial assets	-	-	-	-	-	4,304	4,304
Current tax assets (Net)	-	-	-	-	-	19,042	19,042
Deferred tax Assets (Net)	-	-	-	-	-	21,029	21,029
Property, plant and equipment	-	-	-	-	-	1,379	1,379
Capital work-in-progress		-	-	-	-	16	16
Other non-financial assets	-	-	-	-	-	983	983
Total Inflow	**326,944**	**177,004**	**116,004**	**241,382**	**87,426**	**136,593**	**1,085,354**
Equity & liabilities							
Derivative financial liabilities	904	-	-	-	-	(1,987)	(1,083)
Trade payables	-	-	-	-	-	(10,558)	(10,558)
Debt securities	(86,881)	(164,476)	(18,160)	(70,647)	(7,522)	(21,601)	(369,287)
Borrowings (other than debt securities)	(142,882)	(104,359)	(10,700)	-	-	(1,959)	(259,900)
Other financial liabilities	-	-	-	-	-	(8,481)	(8,481)
Provisions	-	-	-	-	-	(1,577)	(1,577)
Other non-financial liabilities	-	-	-	-	-	(2,060)	(2,060)
Equity share capital	-	-	-	-	-	(289,330)	(289,330)
Other equity	-	-	-	-	-	(143,077)	(143,077)
Total (outflow)	**(228,859)**	**(268,835)**	**(28,860)**	**(70,647)**	**(7,522)**	**(480,630)**	**(1,085,353)**

Particulars	upto 3 months	3 to 6 months	6 to 12 months	1 year to 3 year	Over 3 year	Non-sensitive	Total
As at 31 March 2020							
Assets							
Cash and cash equivalents	98,515	-	-	-	-	-	98,515
Bank balance other than cash and cash equivalents above	8,150	2,764	551	-	2,441	-	13,906
Derivative financial assets	-	-	6,278	368	-	-	6,646
Receivables	-	-	-	-	-	3,032	3,032
Loans	324,641	59,633	221,133	200,742	51,596	-	857,745
Investments	24,653	-	-	-	42,777	-	67,430
Other financial assets	4,440	-	-	-	2	-	4,442
Current tax assets (Net)	-	-	-	-	-	18,649	18,649
Deferred tax Assets (Net)	-	-	-	-	-	23,541	23,541
Property, plant and equipment	-	-	-	-	-	1,073	1,073
Other non-financial assets	-	-	-	-	-	873	873
Total inflow	**460,399**	**62,397**	**227,962**	**201,111**	**96,816**	**47,168**	**1,095,852**
Equity & liabilities							
Derivative financial liabilities	-	-	-	(7,530)	-	-	(7,530)
Trade payables	-	-	-	-	-	(5,371)	(5,371)
Debt securities	(145,412)	(30,312)	(136,984)	(109,329)	20,860	-	(401,177)
Borrowings (other than debt securities)	(205,721)	(30,414)	(25,086)	-	-	-	(261,221)
Other financial liabilities	-	-	-	-	-	(4,421)	(4,421)
Provisions	-	-	-	-	-	(1,915)	(1,915)
Other non-financial liabilities	-	-	-	-	-	(1,086)	(1,086)
Equity share capital	-	-	-	-	-	(289,330)	(289,330)
Other equity	-	-	-	-	-	(123,801)	(123,801)
Total (outflow)	**(351,133)**	**(60,726)**	**(162,070)**	**(116,859)**	**20,860**	**(425,924)**	**(1,095,852)**

All amounts are in INR lakhs except per share data and unless stated otherwise

Maturity analysis
The below table presents the maturity profile of key financial assets and liabilities of the company by their residual contractual maturity as of the dates presented:

Particulars	upto 3 months	3 to 6 months	6 to 12 months	1 year to 3 year	Over 3 year	Total
As at 31 March 2021						
Assets						
Cash and cash equivalents	142,731	-	-	-	-	142,731
Bank balance other than cash and cash equivalents above	11,874	85	-	-	2,527	14,486
Derivative financial assets	1,537	-	-	-	1,260	2,797
Receivables	3,331	-	-	-	-	3,331
Loans	216,123	168,157	101,035	211,382	53,047	749,744
Investments	-	9,454	15,756	31,512	68,789	125,511
Other financial assets	4,277	-	-	-	27	4,304
Current tax assets (Net)	-	-	-	-	19,042	19,042
Deferred tax Assets (Net)	-	-	-	-	21,029	21,029
Property, plant and equipment	-	-	-	-	1,379	1,379
Capital work-in-progress					16	16
Other non-financial assets	-	-	-	-	983	983
Total inflow	**379,873**	**177,696**	**116,791**	**242,894**	**168,099**	**1,085,353**
Equity & liabilities						
Derivative financial liabilities	904	-	-	-	(1,987)	(1,083)
Trade payables	(10,558)	-	-	-	-	(10,558)
Debt securities	(87,357)	(167,967)	(20,800)	(79,028)	(14,135)	(369,287)
Borrowings (other than debt securities)	(143,920)	(104,602)	(11,334)	(31)	(13)	(259,900)
Other financial liabilities	(8,279)	(202)	-	-	-	(8,481)
Provisions	(43)	-	(137)	(923)	(474)	(1,577)
Other non-financial liabilities	(993)	-	-	-	(1,067)	(2,060)
Equity share capital	-	-	-	-	(289,330)	(289,330)
Other equity	-	-	-	-	(143,077)	(143,077)
Total (outflow)	**(250,246)**	**(272,771)**	**(32,271)**	**(79,982)**	**(450,083)**	**(1,085,353)**

All amounts are in INR lakhs except per share data and unless stated otherwise

Particulars	upto 3 months	3 to 6 months	6 to 12 months	1 year to 3 year	Over 3 year	Total
As at 31 March 2020						
Assets						
Cash and cash equivalents	98,515	-	-	-	-	98,515
Bank balance other than cash and cash equivalents above	8,150	2,764	551	-	2,441	13,906
Derivative financial assets	-	-	6,278	368	-	6,646
Receivables	3,032	-	-	-	-	3,032
Loans	324,641	59,633	221,133	200,742	51,596	857,745
Investments	24,653	-	-	-	52,558	77,211
Other financial assets	4,440	-	-	-	2	4,442
Current tax assets (Net)	-	-	-	-	18,649	18,649
Deferred tax Assets (Net)	-	-	-	-	23,541	23,541
Property, plant and equipment	-	-	-	-	1,073	1,073
Other non-financial assets	-	-	-	-	873	873
Total inflow	**463,431**	**62,397**	**227,962**	**201,111**	**150,733**	**1,105,633**
Equity & liabilities						
Derivative financial liabilities	-	-	-	(7,530)	-	(7,530)
Trade payables	(5,371)	-	-	-	-	(5,371)
Debt securities	(145,412)	(30,312)	(136,984)	(109,329)	20,860	(401,177)
Borrowings (other than debt securities)	(205,721)	(30,414)	(25,086)	-	-	(261,221)
Other financial liabilities	(4,217)	(204)	-	-	-	(4,421)
Provisions	(114)	-	(91)	(1,051)	(659)	(1,915)
Other non-financial liabilities	(428)	-	-	-	(658)	(1,086)
Equity share capital	-	-	-	-	(289,330)	(289,330)
Other equity	-	-	-	-	(133,582)	(133,582)
Total (outflow)	**(361,263)**	**(60,930)**	**(162,161)**	**(117,910)**	**(403,369)**	**(1,105,633)**

Note 33 - Capital Risk Management

Capital risk is defined as the risk that the entity has a sub-optimal quantity or quality of capital available to meet the regulatory requirements or cover risk exposures. A capital risk exposure arises when the Company has insufficient capital resources to support its strategic objectives and business plans as well as meet external stakeholder requirements. This could materialize due to a depletion of the entity's capital resources as a result of the crystallization of any of the risks to which it is exposed.
As per RBI regulations, the company is required to maintain a minimum capital to risk-weighted assets ratio (CRAR) of 15%. Additionally, the capital base also drives prudential exposure limits for single and group borrowers and is a major factor to support a strong credit rating and capital metrics.

The company has a comprehensive balance sheet planning process, with capital planning as an integral pillar. To support the company's growth of its various lines of business and meeting strategic objectives and plans, sufficient capital buffer is maintained on an ongoing basis. Avenues for meeting incremental capital requirements include retention of profits over time, additional infusion from shareholders as well as contracting qualifying Tier 2 debt, as applicable from time to time.

In an extreme scenario precipitating the risk of CRAR potentially dropping below the mandated minimum level, the company can additionally also consider the following contingency measures, as required:
- Curtail loan growth to be able to avoid further buildup in RWA and facilitate reduction through scheduled loan maturities
- Consider selective portfolio sales to de-risk the asset portfolio and improve capital adequacy

The Asset Liability Committee (ALCO) monitors the capital position on an ongoing basis and oversees all capital related actions including infusions, retention or dividend remittance.

All amounts are in INR lakhs except per share data and unless stated otherwise

Note 34 - Segment information

The segment disclosure is based on the client segment of the company which is aligned to internal reporting matrix. Secondary segmentation based on geography has not been presented as the Company operates only in India and the Company perceives that there is no significant difference in its risks and returns in operating from different geographies in India. Accordingly, the company has identified two segments : Institutional Client Group (ICG) and Global Consumer Banking (GCB) as reportable segments .

ICG - This segment provides secured and unsecured loans to corporates, MSME and high networth individual clients.Loan Products offered by this segment are unsecured loans, secured loans and bills discounting. Segment income mainly consists of interest on loans and service charges. This segment also includes markets business which undertakes activities such as investments in corporate debt, funding and gapping products and hedging positions and contributes to revenues of the segment which includes investment income and gains/loss on debentures/bonds and derivative transactions.

GCB - This segment provides loans to retail customers. Loan products offered by this segment are loan against securities, loans for purchase of commercial vehicles, construction equipment and agricultural assets and personal loans. Segment income mainly comprises of interest on loans, Loan origination and collection fees and income from assignment.

Segment wise income and expenses include certain internal allocations including internal transfer pricing attached to the funds provided or deployed.

Segment assets represents the net assets put up by that segment. Segment liabilities represent liabilities undertaken by respective segments.

Items which are not directly attributable to any particular segment and which cannot be reasonably allocated to segments are consolidated under "Unallocated" column. Further Capital and other equity are shown as unallocated since the same cannot be directly identified with any particular segment.

Segment revenue

Particulars	Year ended 31 March 2021				Year ended 31 March 2020			
	ICG	GCB	Unallocated	Total	ICG	GCB	Unallocated	Total
Interest income	41,799	22,340	-	64,139	57,924	21,855	-	79,779
Other income	9,907	3,534	101	13,542	(5,965)	8,688	1,240	3,963
Share in profit of associate	-	-	2,812	2,812	-	-	2,425	2,425
Total income from external customers	**51,706**	**25,874**	**2,913**	**80,493**	**51,959**	**30,543**	**3,665**	**86,167**
Interest expense	13,513	13,537	-	27,050	22,867	10,783	3,723	37,373
Other Expenses	11,654	15,510	2,035	29,199	9,451	15,372	5,061	29,884
Segment Results	**26,538**	**(3,173)**	**878**	**24,244**	**19,641**	**4,388**	**(5,119)**	**18,910**
Tax expense	-	-	-	6,249	-	-	-	5,419
Profit after tax				**17,995**				**13,491**
Other Information								
Capital expenditure	-	-	-	**-**	-	-	-	**-**
Depreciation	-	-	345	**345**	-	-	379	**379**

Segment assets and liabilities

Particulars	As at 31 March 2021				As at 31 March 2020			
	ICG	GCB	Unallocated	Total	ICG	GCB	Unallocated	Total
Segment assets	699,262	331,114	54,978	1,085,353	730,363	290,208	85,062	1,105,633
Segment liabilities	(639,989)	(8,079)	(4,878)	(652,946)	(668,933)	(4,413)	(9,375)	(682,721)
Net segment assets/ (liabilities)	**59,273**	**323,035**	**50,099**	**432,407**	**61,430**	**285,795**	**75,687**	**422,912**

Note 35 - Related party disclosures

The Company has a policy of carrying all related party transactions; domestic or international, at arm's length.

As per Ind AS 24 ' Related party disclosures', the related party where control exists or where significant influence exists and with whom transactions have taken place are as below:

A. Holding Companies
Associates Financial Services (Mauritius) LLC

Enterprises which exercise control:
Citibank Overseas Investment Corporation (COIC)
Citibank N.A. and its branches
Citigroup Inc. (the ultimate Holding Company)

B. Fellow subsidiaries
Citigroup Global Markets Asia Limited
Citigroup Global Markets India Private Limited
Citicorp Services India Private Limited
Citigroup Global Markets Hong Kong Ltd
Citigroup Global Markets Singapore PTE Limited
Citibank (China) Co Ltd
Citicorp Investment Bank (Singapore) Ltd
Citigroup Global Markets Deutschland AG
Citibank Japan Ltd
Citi Europe PLC Hungary
Citi Europe PLC Poland
Citi Korea INC
Citi Europe PLC France
Citi Europe PLC Sweden
Citi Europe PLC Belgium
Citi Europe PLC Germany
Citigroup Global Markets Limited
Citi Investment Advisory Services Private Limited
Citigroup Technology Infrastructure (Hong Kong) Limited

C. Key Management Personnel
Nina Nagpal (Managing Director)
Rohit Ranjan(Director)
Priti Goel(Director)
Neeraj Kumar (Director)
Deepak Ghaisas (Independent Director)
Saurabh Shah (Independent Director)

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Details of related party transactions during the year are given below:

Nature of Related party transaction	Holding Companies and companies exercising control		Fellow Subsidiaries			
	Citibank N.A. and its branches		Citicorp Services India Pvt Ltd		Other Fellow Subsidiaries	
	Year ended 31 March 2021	Year ended 31 March 2020	Year ended 31 March 2021	Year ended 31 March 2020	Year ended 31 March 2021	Year ended 31 March 2020
Lease rentals	**-**	5	**-**	-	-	-
Fixed deposits and reverse repo placed	**1,655,923**	1,499,322	**-**	-	-	-
Fixed deposits and reverse repo liquidated	**1,643,205**	1,405,626	**-**	-	-	-
Loans taken	**-**	527,314	**-**	-	-	-
Loans repaid	**-**	527,314	**-**	-	-	-
Loan portfolio purchase - Personal loan	**48,822**	113,761	**-**	-	-	-
Loan portfolio purchase - Domestic trade finance	**-**	10,014	**-**	-	-	-
Loan portfolio sale - Asset Backed Finance	**17,507**	24,592	**-**	-	-	-
Distribution and Placement Fees paid	**537**	731	**-**	-	-	-
Rent paid	**593**	589	**13**	26	-	-
Net movement in bank accounts	**29,499**	5,537	**-**	-	-	-
Interest paid on borrowings and overdraft	**-**	857	**6,018**	6,612	-	-
Bank Charges paid	**20**	19	**-**	-	-	-
Interest received on fixed deposits and reverse repo	**701**	819	**-**	-	-	-
Sourcing and Collection Fees earned	**2,753**	6,922	**-**	-	-	-
Fees and Commission paid	**3,894**	4,631	**188**	167	**1,730**	1,957
Secondment charges earned	**24**	574	**8**	-	**10**	-
Secondment charges incurred	**1,589**	1,409	**-**	-	**-**	-
Transfer of software	**-**	-	**-**	-	**-**	-
Inter Corporate borrowings taken	**-**	-	**385,000**	622,500	**-**	-
Inter Corporate borrowings repaid	**-**	-	**370,000**	617,500	**-**	-
Other expenses	**736**	191	**-**	-	**93**	-
Equity Dividend Paid	**9,000**	13,116	**-**	-	**-**	-

Details of related party outstanding balances as at the year-end are given below:

Nature of Related party outstanding balances	Holding Companies and companies exercising control		Fellow Subsidiaries			
	Citibank N.A. and its branches		Citicorp Services India Pvt Ltd		Other Fellow Subsidiaries	
	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020
Assets						
Trade receivables	**1,396**	2,403	**10**	-	**12**	-
Other receivables	**327**	147	**-**	-	-	-
Fixed deposits	**2,571**	2,440	**-**	-	-	-
Fixed deposits (with original maturity of less than 3 months)	**106,225**	93,943	**-**	-	-	-
Bank Balances	**36,431**	369	**-**	-	-	-
Leasing	**-**	-	**-**	-	-	-
Liabilities						
Inter Corporate Borrowings	**-**	-	**171,490**	155,000	**-**	-
Trade payables	**6,240**	2,939	**73**	5	**2,677**	1,339
Collection payables on servicing portfolio	**2,652**	2,272	**-**	-	**-**	-
Loans repayable on demand from banks (overdraft)	**1,632**	4,919	**-**	-	**-**	-

Transactions with Key managerial personnel
The Key managerial remuneration has been disclosed seperately in Annexure 1

Note 36 - Off balance sheet items, contingent liabilities and capital commitments

Particulars	As at 31 March 2021	As at 31 March 2020
Tax assessments	4,551	3,995
Customer litigations	343	407
Estimated amount of contracts remaining to be executed on capital account	3	88
Undrawn committed credit lines	4,730	15,567

A description of the nature of contingent liabilities is set out below:

The Company has been assessed under Income tax Act, 1961, as a result of which the total demand, primarily on account of certain disallowances in the course of assessment for various years, outstanding against the Company is INR 1,173(31 March 2020: INR 854).

There were outstanding demands against the Company under Karnataka Value Added Tax Act, 2003, primarily on account of disallowance of input tax credit amounting to 1,702 Lakhs (31 March 2020 : Rs 1702 lakhs). These matters were heard before the Karnataka Appellate Tribunal and were remanded back to the Assessing Authority. There were in all 6 years i.e. FY 2005-06 to FY 2020-11. For FYs 2005-06, 06-07, 07-08 and 2010-11, the Assessing Officer has passed a clean order. The orders for FY 2008-09 and FY 2009-10 are still awaited. However the amount continues to be reported in contingent liability. CFIL has under this issue made a pre deposit of Rs. 270 lakhs in the previous years.

There are outstanding demands against the Company under Maharashtra Value Added Tax Act, 2002, primarily on account of levy of VAT on part purchase consideration received on accountant of "transfer of KPO Division" on slump sale basis amounting to INR 316 (31 March 2020: INR 316). Out of this, the Company has made a predeposit of INR 50 in the previous years.

The VAT assessment by Mumbai office for FY 2016-17 got concluded in the previous year where a demand of INR 44 was raised on account of disallowance of input tax credit. Out of the total demand INR 2 is paid as prepayment during the previous year.

There are outstanding demands against the Company under Finance Act,1994 , primarily on account of adjustment of service tax paid in previous years and other miscellaneous issues amounting to INR 1,322 (31 March 2020: INR 1,123). Out of this, the Company has made a predeposit of INR 50 in the previous year.

In the above cases, the Company has partly paid the aforesaid demand under protest and is in the process of appeal against the same with the appropriate tax authorities. The Company has sought legal opinion in the aforesaid demands and is of the opinion that the disallowances / demands are not tenable and highly unlikely to be retained by higher authorities. Accordingly, the Company is not carrying any provision in its books for the above.

Further, there are few customers who have initiated legal proceedings against the Company for a total compensation demand of INR 343 (31 March 2020: INR 407). The Company believes that such demands are not tenable and are highly unlikely to be confirmed by higher authorities.

Note 37 - Leases

A. The Company has taken vehicles on finance lease on such terms and conditions as documented in respective lease agreements

Particulars	As at 31 March 2021	As at 31 March 2020
Net carrying value of the assets as at the date of balance sheet	-	-
Total of minimum lease payments as at the balance sheet date		
Not later than one year	-	2
Later than one year and not later than five years	-	-
	-	2
Present value of minimum lease payments as at the balance sheet date		
Not later than one year	-	2
Later than one year and not later than five years	-	-
	-	2

All amounts are in INR lakhs except per share data and unless stated otherwise

B. Lease disclosures under Ind-AS 116

(ia) Changes in the carrying value of Right-of-use Assets

Particulars	**Building Premises**
Balance as at 1 April 2019	-
Additions	899
Deletion	-
Depreciation	264
Balance as at 1 April 2020	635
Additions	629
Deletion	-
Depreciation	221
Balance as at 31 March 2021	1,043

(ib) Changes in the Lease liabilities

Particulars	**Building Premises**
Balance as at 1 April 2019	-
Additions	899
Finance cost accrued	27
Lease Payments	294
Balance as at 1 April 2020	632
Additions	629
Finance cost accrued	52
Lease Payments	247
Balance as at 31 March 2021	1,066

(ii) Break-up of current and non-current lease liabilities

Particulars	**As at 31 March 2021**	**As at 31 March 2020**
Current Lease Liabilities	188	160
Non-current Lease Liabilities	879	596

(iii) Maturity analysis of lease liabilities

Particulars	**As at 31 March 2021**	**As at 31 March 2020**
Less than one year	188	160
One to five years	773	556
More than five years	105	40
Total	1,066	756

(iv)Amounts recognised in statement of Profit and Loss account

Particulars	**As at 31 March 2021**	**As at 31 March 2020**
Interest on Lease Liabilities	52	27
Variable lease payments (not included in the measurement of lease liabilities)	-	-
Low-value leases expensed.	-	-
Short-term leases expensed	-	-
Total	52	27

(v)Amounts recognised in statement of Cash Flows

Particulars	**As at 31 March 2021**	**As at 31 March 2020**
Total Cash outflow for leases	247	294

All amounts are in INR lakhs except per share data and unless stated otherwise

Note 38 - Earnings per share (EPS)

a) The basic and diluted earnings per share has been calculated based on the following:

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Net profit after tax available for equity shareholders	17,995	13,491
Weighted average number of equity shares	3,857,727,031	3,857,727,031
Basic / Diluted earnings per share (Rs.)	**0.47**	**0.35**

b) Weighted average number of equity shares is computed for the purpose of calculating diluted earning per share for the respective years.

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Weighted average number of shares for computation of Basic EPS	3,857,727,031	3,857,727,031
Shares issued during the year	-	-
Weighted average number of shares for computation of Diluted EPS	3,857,727,031	3,857,727,031

Note 39 - Corporate social responsibility expenses

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Gross amount required to be spent during the year	423	506
Amount spent during the year		
(i) Construction/acquisition of any asset	-	-
(ii) On purpose other than (i) above		
In cash	425	509
Yet to be paid in cash	-	-
Total	**425**	**509**

Due to the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 issued on January 22, 2021, the incurrence of CSR expense is assessed to be in the year when profits are generated instead of commitment to contribute or payment. Accordingly an estimated amount of 423 has been accrued in the year ended March 31, 2021 which is expected to be contributed in the subsequent year

Note 40 - Micro, Small and Medium Enterprises

Under the Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED'), the following disclosure is made based on the information and records available with the Company in respect of the Micro, Small and Medium Enterprises who have registered with the competent authorities:

Particulars	31 March 2021	31 March 2020
Principal amount remaining unpaid to any supplier as at the year end	24	14
Interest due thereon	-	-
Amount of interest paid by the Company in terms of section 16 of the MSMED, along with the amount of the payment made to the supplier beyond the appointed day during the accounting year	133	96
Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED	3	3
Amount of interest accrued and remaining unpaid at the end of the accounting year	3	10

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All amounts are in INR lakhs except per share data and unless stated otherwise

Note 41 - Employee benefit obligations

a) Gratuity

The Company pays gratuity to employees who retire or resign after serving for the stipulated period mentioned under 'The Payment of Gratuity Act, 1972'. The Company's contributions to gratuity fund (defined benefit scheme) in respect of its employees are managed by a trust, which invests the fund with Life Insurance Corporation of India ('LIC'), a Government of India Undertaking. The plan assets under the fund are invested in schemes of Insurance - conventional products.

i. The amounts recognised in the balance sheet and the movements in the net defined benefit obligation over the year are as follows:

Particulars	Year ended31 March 2021			Year ended31 March 2020		
	Present value of obligation	Fair value of plan assets	Net amount	Present value of obligation	Fair value of plan assets	Net amount
At the beginning of the year	**(742)**	**494**	**(248)**	**(603)**	**416**	**(187)**
Current service cost	(73)	-	**(73)**	(63)	-	**(63)**
Past service cost	-	-	**-**	-	-	**-**
Interest (expense) / income	(45)	33	**(12)**	(42)	31	**(11)**
Total amount recognised in profit or loss	**(118)**	**33**	**(85)**	**(105)**	**31**	**(74)**
Remeasurements						**-**
Return on plan assets greater/(lesser) than discount rate	-	20	**20**	-	1	**1**
Gain / (loss) from change in demographic assumptions	-		**-**	-	-	**-**
Gain / (loss) from change in financial assumptions	(5)		**(5)**	(38)	-	**(38)**
Experience gains/(losses)	(70)		**(70)**	(20)	-	**(20)**
Total amount recognised in other comprehensive income	**(75)**	**20**	**(55)**	**(58)**	**1**	**(57)**
Employer contributions	-	105	**105**	-	70	**70**
Benefit payments	30	(30)	**-**	24	(24)	**-**
At the end of the year	**(905)**	**622**	**(283)**	**(742)**	**494**	**(248)**

ii. The net liability disclosed above related to funded plans is as follows:

Particulars	**As at 31 March 2021**	**As at 31 March 2020**
Present value of funded obligations	(905)	(742)
Fair value of plan assets	622	494
Net liability	**(283)**	**(248)**

iii. The significant actuarial assumptions were as follows:

Particulars	**As at 31 March 2021**	**As at 31 March 2020**
Financial Assumptions		
Discount rate	6.10%	6.20%
Salary escalation rate (taking into account the inflation, seniority, promotions and other relevant factors)	10.00%	10.00%
Demographic Assumptions		
Mortality Rate	Indian Assured Lives Mortality (2006-08)Ult.	Indian Assured Lives Mortality (2006-08)Ult.
Withdrawal Rate	15.00%	15.00%

All amounts are in INR lakhs except per share data and unless stated otherwise

iv. Sensitivity of actuarial assumptions

Particulars	Change in assumption	Impact on defined benefit obligation			
		Year ended31 March 2021		Year ended31 March 2020	
		Increase	Decrease	Increase	Decrease
Discount Rate	1%	(51)	56	(42)	47
Salary Escalation rate	1%	54	(49)	45	(41)
Withdrawal rate	5%	(46)	72	(38)	60

Plan is subject to multiple external experience items which may move the Defined Benefit Obligation in similar or opposite directions, while the Plan's sensitivity to such changes can vary over time.

The methods and types of assumptions used in preparing the sensitivity analysis were consistent with prior period.

v. Expected payment for future years:

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

Particulars	As at 31 March 2021	As at 31 March 2020
Within 1 year	117	96
1-2 year	123	99
2-3 year	133	103
3-4 year	138	114
4-5 year	125	118
5-10 year	624	524
Total expected payments	**1,260**	**1,054**

The Company expects to contribute INR 187 to the fund in the next financial year. The weighted average duration of the defined benefit obligation as at 31 March 2020 is 6 years (31 March 2020: 6 years)

b) Provident and Superannuation fund

The Company contributes to employee provident fund for all employees and superannuation fund for eligible employees which are defined contribution plans.These contributions are charged to the statement of profit and loss during the period in which the employee renders the related services. The expense recognised during the year is INR 237 (31 March 2020: INR 222).

c) Long term service awards

The Company provides for long term service liability for eligible employees, based on length of service, based on actuarial valuation performed by an independent actuary using the Projected Unit Cost Method as at the balance sheet date.

Particulars	As at 31 March 2021	As at 31 March 2020
Present value of defined obligation at period end	19	18
Assumptions		
Rate of Discounting	6.10%	6.20%
Mortality Rate	Indian Assured Lives Mortality (2006-08)Ult.	Indian Assured Lives Mortality (2006-08)Ult.
Withdrawal Rate	15.00%	15.00%

All amounts are in INR lakhs except per share data and unless stated otherwise

Note 42 - Other disclosures

A. Loan assignment deals

The Company sells loans through direct assignment. The information related to loan assignment made by the Company during the year, as an originator is given below:

Particulars	31 March 2021	31 March 2020
Total number of loan assets assigned during the year (Nos)	951	1,094
Total amount of exposures retained by the Company to comply with MRR	1,788	2,486
Total book value of loan assets assigned	17,099	24,174
Sale consideration received for the assigned assets	17,507	24,592
Gain on account of assigned assets	318	382
Gains amortized during the year as per the RBI guidelines*	Refer note given below	

*Gain on assignment of loans is recognized in the profit and loss account in the year of assignment as per Ind AS. Refer note 3.12.

B. Movement of provision

Particulars	As at 31 March 2020	Created during the year	Utilized/ released during the year	As at 31 March 2021
Provision on securitization of asset portfolio	368	-	272	**96**
Provision for Input tax credit	10,851	347	-	**11,198**
Provision for Value Added Tax (VAT)	54	-	30	**24**
Provision for litigation	1,051	50	178	**923**
Provision for Asset Retirement Obligation	43	3	-	**46**
Provision for expected credit loss on loan commitments	60	-	11	**49**
Total	**12,427**	**400**	**491**	**12,336**

Particulars	As at 01 April 2019	Created during the year	Utilized/ released during the year	As at 31 March 2020
Provision on securitization of asset portfolio	1,578	-	1,210	**368**
Provision for Input tax credit	11,133	-	282	**10,851**
Provision for Value Added Tax (VAT)	222	-	168	**54**
Provision for litigation	1,193	39	181	**1,051**
Provision for Asset Retirement Obligation	47	-	4	**43**
Provision for expected credit loss on loan commitments	1	59	-	
Total	**14,173**	**39**	**1,845**	**12,367**

C. Net debt reconciliation

Particulars	As at 01 April 2020	Cash flow	Interest Expense	Fair Value changes	As at 31 March 2021
Debt securities	401,177	(77,968)	18,884	27,194	369,287
Borrowings	261,221	(9,393)	8,072	-	259,900

Particulars	As at 01 April 2019	Cash flow	Interest Expense	Fair Value changes	As at 31 March 2020
Debt securities	454,765	(62,900)	23,880	(14,568)	401,177
Borrowings	308,949	(61,191)	13,463	-	261,221

D. In accordance with the RBI notification No. RBI/DNBS/2016-17/49 Master Direction DNBS.PPD.01/66.15.001/2016-17 dated September 29, 2016, INR Nil of fraud was detected and reported during the financial year ended 31 March 2021 (31 March 2020: INR 309).

Notes to the consolidated financial statements *(continued)*
for the year ended 31 March 2021
All amounts are in INR lakhs except per share data and unless stated otherwise

Note 42 - Other disclosures (continued)

E. In accordance with Master Direction DNBR.PD.008/03.10.119/2016-17 dated September 1, 2016 – Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, the Company did not enter into any credit default swaps during the year ended 31 March 2021 (31 March 2020: Nil).

F. In accordance with Master Direction DNBR.PD.008/03.10.119/2016-17 dated September 1, 2016 – Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, the Company has not lent against gold jewellery during the year ended 31 March 2021 (31 March 2020: Nil).

G. The Company has not accepted deposits within the meaning of 'Public Deposits' as defined in the prudential norms issued by the RBI.

H. Fees and commission expense includes transfer pricing fees amounting to INR 5,159 (31 March 2020: INR 4,764) paid/ accrued to affiliates. These fees are based on refinements in the transfer pricing model which is aimed at simplifying and standardizing country and intercompany reporting while properly recognizing and rewarding components of the value chain through net revenue allocation for respective country locations and legal entities.

Note 43 - Details of borrowings (other than debt securities)
A. Secured borrowings

i. Workings capital demand loan from banks

Particulars	As at 31 March 2021	As at 31 March 2020
Residual tenure	NA	Maturing within 1 year
Rate Range	NA	7.70%

The above loan is secured by a pari passu charge on the movable financial assets.

B. Unsecured Borrowings

i. Cash Credit Facility from Banks*

Particulars	As at 31 March 2021	As at 31 March 2020
Residual tenure	NA	NA
Rate Range	NA	NA

ii. Commercial papers

Particulars	As at 31 March 2021	As at 31 March 2020
Residual tenure	NA	NA
Discount Rate (Range)	NA	NA

i. Intercorporate borrowings*

Particulars	As at 31 March 2021	As at 31 March 2020
Residual tenure	Maturing within 1 year	Maturing within 1 year
Rate Range	3.50% to 3.90%	5.00% to 6.40%

*Refer note 35 for borrowings from related parties

All amounts are in INR lakhs except per share data and unless stated otherwise

Note 44 - The Company has issued non-convertible redeemable debentures under various series on different terms and conditions.

The Company has issued secured non-convertible debentures under various series on different terms and conditions, which have been secured by a pari passu charge on the Company's immovable property and movable financial assets.

A. Details of secured market linked non-convertible redeemable debentures are as follows:

Series No	Maturity / Call Date	As at 31 March 2021	As at 31 March 2020
730 I	28-Sep-22	3,656	3,656
727 I	12-Sep-22	1,825	1,825
727 III	12-Sep-22	7,650	7,650
728 III	12-Sep-22	1,500	1,500
730 II	12-Sep-22	1,850	1,850
722 III	1-Aug-22	5,803	6,003
723 III	1-Aug-22	3,645	3,645
725 III	1-Aug-22	4,085	4,365
722 II	30-May-22	5,210	5,810
723 II	30-May-22	1,050	1,150
725 II	30-May-22	1,000	1,000
720 I	4-May-22	2,400	2,400
718 I	1-Apr-22	2,075	3,115
719 I	1-Apr-22	300	400
706 I	31-Dec-21	2,330	3,380
711 II	31-Dec-21	2,200	2,400
701 I	30-Nov-21	4,089	4,634
696 I	28-Oct-21	2,645	3,955
690 I	29-Sep-21	2,700	3,356
686 I	9-Sep-21	100	901
687 I	9-Sep-21	300	300
684 I	29-Aug-21	1,760	1,910
656 I	2-Mar-21	-	1,400
654 I	27-Jan-21	-	1,075
650 I	29-Dec-20	-	975
649 I	1-Dec-20	-	1,500
713 I	9-Nov-20	-	2,100
713 II	9-Nov-20	-	2,100
714 II	9-Nov-20	-	1,225
716 II	9-Nov-20	-	1,200
717 I	9-Nov-20	-	900
717 II	9-Nov-20	-	300
718 II	9-Nov-20	-	300
720 II	9-Nov-20	-	2,793
642 I	27-Oct-20	-	50
642 V	27-Oct-20	-	130
647 I	27-Oct-20	-	300
647 II	27-Oct-20	-	50
647 V	27-Oct-20	-	470
647 VI	27-Oct-20	-	100
647 XI	27-Oct-20	-	50
648 VI	27-Oct-20	-	100
638 I	29-Sep-20	-	400
638 II	29-Sep-20	-	100
639 I	29-Sep-20	-	150
639 III	29-Sep-20	-	100
640 I	29-Sep-20	-	1,400
640 II	29-Sep-20	-	125
641 I	29-Sep-20	-	600
641 II	29-Sep-20	-	250
641 III	29-Sep-20	-	50
634 II	30-Aug-20	-	150
634 IV	30-Aug-20	-	100
636 II	30-Aug-20	-	650
636 IV	30-Aug-20	-	280
637 IV	30-Aug-20	-	100
637 VIII	30-Aug-20	-	100

Series No	Maturity / Call Date	As at 31 March 2021	As at 31 March 2020
731 I	28-Sep-22	2,140	2,290
732 I	28-Sep-22	2,340	2,340
733 I	28-Sep-22	700	700
736 I	28-Sep-22	1,405	1,405
739 III	30-Nov-22	2,840	2,840
741 I	24-Sep-21	3,955	4,155
742 I	24-Sep-21	3,150	3,150
743 I	24-Sep-21	975	1,075
744 I	24-Sep-21	2,600	2,700
753 I	27-Jul-21	8,800	8,900
754 I	27-Jul-21	1,830	1,930
756 II	28-May-21	4,265	4,265
757 I	28-May-21	200	200
732 II	29-Oct-20	-	4,940
733 II	29-Oct-20	-	4,160
736 II	29-Oct-20	-	1,826
737 IV	22-Jun-20	-	13,750
738 IV	22-Jun-20	-	3,000
738 II	29-Oct-20	-	2,000
749 II	29-Mar-21	-	6,945
751 I	29-Mar-21	-	1,150
756 I	22-Jul-20	-	5,000
758 I	17-Sep-20	-	12,000
641 V	1-Jun-20	-	100
647 VIII	1-Jun-20	-	200
647 IX	1-Jun-20	-	200
640 V	29-Jun-20	-	200
635 V	25-Aug-20	-	776
633 I	5-Aug-20	-	50
632 I	29-Jul-20	-	300
626 I	28-Jul-20	-	210
628 II	22-Jul-20	-	876
623 I	27-Jun-20	-	200
620 I	13-Jun-20	-	125
726 II	3-Jun-20	-	8,500
727 II	3-Jun-20	-	7,865
728 II	3-Jun-20	-	6,900
761 I	29-Sep-23	6,150	-
762 III	30-Dec-21	5,120	-
763 I	30-Nov-23	3,485	-
764 I	25-Aug-22	2,355	-
766 I	31-Mar-22	1,475	-
769 I	29-Mar-24	1,460	-
772 I	29-Jul-24	4,560	-
774 I	26-May-23	3,846	-
776 I	26-May-23	510	-
778 I	30-Sep-24	3,234	-
Total		**125,568**	**204,101**

All amounts are in INR lakhs except per share data and unless stated otherwise

B. Details of secured non-convertible redeemable debentures are as follows:

Series No	Interest rate	Maturity / Call Date	As at 31 March 2021	As at 31 March 2020
740 A	8.00%	19-Jun-20	-	5,000
745 I	7.00%	20-May-20	-	5,000
750 I	6.60%	6-Apr-20	-	5,000
755 I	6.00%	19-May-20	-	10,000
755 II	6.25%	18-Aug-20	-	5,000
758 II	6.95%	20-Oct-20	-	75,000
759 I	6.50%	19-Oct-20	-	20,000
760 I	7.60%	30-Jun-20	-	75,000
765 II	4.00%	20-Apr-21	2,400	-
771 I	4.00%	22-Jul-21	5,000	-
773 I	4.70%	24-Aug-21	23,000	
776 II	4.15%	16-Jun-21	50,000	-
Total			**80,400**	**200,000**

C. Details of unsecured non-convertible redeemable debentures are as follows:

Series No	Interest rate	Maturity / Call Date	As at 31 March 2021	As at 31 March 2020
777 I	4.65%	22-Jun-21	30,000	-
777 II	5.00%	21-Sep-21	50,000	-
778 II	4.92%	28-Sep-21	60,000	-
Total			**140,000**	**-**

Citicorp Finance (India) Limited

Notes to the consolidated financial statements *(continued)*

for the year ended 31 March 2021

All amounts are in INR lakhs except per share data and unless stated otherwise

Note 45 - Details of Loan Assets subjected to Restructuring as at 31 March 2021

	Type of Restructuring		Others				
	Asset Classification						
Sr. No	Details		Standard	Sub Standard	Doubtful	Loss	Total
1	Restructured Accounts as on 01 April of the FY (opening figures)	No.of borrowers	-	-	-	-	-
		Amount outstanding	-	-	-	-	-
		Provision thereon	-	-	-	-	-
2	Fresh restructuring during the year	No.of borrowers	-	-	-	-	-
		Amount outstanding	-	-	-	-	-
		Provision thereon	-	-	-	-	-
3	Upgradations to restructured standard category during the FY	No.of borrowers	-	-	-	-	-
		Amount outstanding	-	-	-	-	-
		Provision thereon	-	-	-	-	-
4	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No.of borrowers	-	-	-	-	-
		Amount outstanding	-	-	-	-	-
		Provision thereon	-	-	-	-	-
5	Downgradations of restructured accounts during the FY	No. of borrowers	-	-	-	-	-
		Amount outstanding	-	-	-	-	-
		Provision thereon	-	-	-	-	-
6	Write-offs (includes recovery) of restructured accounts during the FY	No. of borrowers	-	-	-	-	-
		Amount outstanding	-	-	-	-	-
		Provision thereon	-	-	-	-	-
7	Restructured Accounts as on 31 March of the FY (closing figures)	No. of borrowers	-	-	-	-	-
		Amount outstanding	-	-	-	-	-
		Provision thereon	-	-	-	-	-

There are no cases restructured on account of CDR mechanism or SME debt restructuring in the current or previous year.

Loan Assets subjected to Restructuring as at 31 March 2020 - NIL

All amounts are in INR lakhs except per share data and unless stated otherwise

Note 46 - Additional information as required under Schedule III of Companies Act 2013

Name of the entity	Net Assets i.e total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of total comprehensive income	Amount
Associates (Investment as per equity method)								
Indian								
India Infradebt Limited								
As at 31 March 2021	4.86%	21,034	15.63%	2,812	-1.40%	(7)	15.17%	2,805
As at 31 March 2020	4.37%	18,481	17.97%	2,425	-0.06%	(1)	15.90%	2,424

Note 47 -The COVID – 19 pandemic has affected several countries across the world, including India. The pandemic and consequent lockdown imposed by the Government considerably impacted the Company's business operations during the year. The extent to which the COVID – 19 will continue to impact Company's results, including credit quality and provisions, remain uncertain and would depend upon the time taken for economic activities to fully resume and reach normal levels.
In accordance with the regulatory package announced by the Reserve Bank of India (RBI) on March 27, 2020, April 17, 2020 and May 22, 2020, the Company has granted a moratorium for the payment of all instalments falling due between March 1, 2020 and August 31, 2020 to all eligible borrowers that have opted to avail the same.

Note 48 - Citigroup Inc, Citi, the ultimate shareholder of the Company, on April 15, 2021, announced strategic actions in Global Consumer Banking ('GCB')—as part of an ongoing strategic review—to direct investments and resources to the businesses where it has the greatest scale and growth potential. As a result, Citi intends to pursue exits from its consumer franchises in 13 markets across EMEA and Asia region, which includes India. Citigroup's Institutional Clients Group will continue to serve clients in these markets. The Company is evaluating an exit of the GCB Business in India via a sale transaction. The management has not approved entering into any binding sale agreement, as at the date of adoption of this financial statements. Consequently the outcome of the same is not definitively ascertained.

Note 49- Figures for the previous year have been re-grouped wherever necessary, to confirm to current year's classification.

For **MSKA & Associates**
Chartered Accountants
Firm's Registration No: 105047W

For and on behalf of the Board of Directors
Citicorp Finance (India) Limited

sd/-
Amrish Vaidya
Partner
Membership No: 101739

sd/-
Nina Nagpal
Managing Director
DIN: 00138918

sd/-
Rohit Ranjan
Director
DIN: 00003480

Place: Mumbai
Date: June 25, 2021

sd/-
Ankit Goyal
Chief Financial Officer

sd/-
Sameer Upadhyay
Company Secretary